

Legislative Assembly of British Columbia

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# 2021-22 FINANCIAL STATEMENTS

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December 2022



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## Statement of Management Responsibility

For the Year Ended March 31, 2022

The financial statements and note disclosures of the Legislative Assembly of British Columbia have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). The integrity and objectivity of these statements and disclosures are management's responsibility. A summary of the significant accounting policies is described in note 2 to the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced, that assets are safeguarded, that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and that reliable financial information is available on a timely basis for preparation of the financial statements.

The Legislative Assembly Management Committee (LAMC) is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal controls. The Subcommittee on Finance and Audit (SFA) is appointed by LAMC to review the financial statements, the adequacy of internal controls, the external audited financial statements, and financial reporting.

The Office of the Auditor General of British Columbia has performed an independent audit of the financial statements of the Legislative Assembly of British Columbia. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the financial statements.

On behalf of the Legislative Assembly of British Columbia,

Kate Ryan-Lloyd  
Clerk of the Legislative Assembly

Randy Smith, CPA, CA  
Executive Financial Officer (Interim)

Victoria, British Columbia  
On the 13th day of December 2022





## **Independent Auditor's Report**

*To the Members of the Legislative Assembly Management Committee, and  
To the Speaker of the Legislative Assembly, Province of British Columbia*

### ***Opinion***

I have audited the accompanying financial statements of the Legislative Assembly of British Columbia (“the entity”), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and accumulated surplus, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2022, and the results of its operations, change in its net net assets and cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### ***Basis for Opinion***

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the ethical requirements that are relevant to my audit of the entity's financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

### ***Other Accompanying Information***

Management is responsible for the other information accompanying the financial statements. The other information comprises the information included in the Management Discussion and Analysis and the Legislative Assembly's website breakdown of member travel expenses and Constituency Office expense referenced in Note 14a of the financial statements (Expenditure break down), but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information that I have obtained prior to the date of my auditor's report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit or otherwise appears to be materially misstated.

Prior to the date of my auditor's report I obtained the Management Discussion and Analysis and the Expenditure breakdown. If, based on the work I have performed on this other information, I conclude that there is a material misstatement therein, I am required to report that fact in this auditor's report. I have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Those charged with governance are responsible for the oversight of the financial reporting process. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting when the entity will continue its operations for the foreseeable future.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My objectives are to obtain reasonable assurance about whether the entity's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## Independent Auditor's Report

Legislative Assembly of British Columbia

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Stuart Newton, CPA, CA  
Assistant Auditor General

Victoria, British Columbia, Canada  
December 13, 2022



## Statement of Financial Position

As at March 31, 2022, with comparative information for March 31, 2021

<i>(in thousands of dollars)</i>	<b>2022</b>	<b>2021</b>
<b>Financial assets</b>		
Cash ( <i>note 3</i> )	<b>1</b>	2
Accounts receivable ( <i>note 4</i> )	<b>83</b>	83
Inventories held for sale	<b>155</b>	192
Due from the CRF ( <i>note 2d</i> )	<b>14,455</b>	13,963
<b>Total financial assets</b>	<b>14,694</b>	14,240
<b>Liabilities</b>		
Accounts payable and accrued liabilities ( <i>note 5</i> )	<b>12,528</b>	9,722
Deferred revenue	<b>2</b>	2
Accrued obligations to employees ( <i>note 6</i> )	<b>1,674</b>	1,627
MLA unfunded pension liability ( <i>note 7b</i> )	<b>490</b>	720
Transitional assistance ( <i>note 8</i> )	<b>-</b>	2,169
<b>Total liabilities</b>	<b>14,694</b>	14,240
<b>Net assets (<i>note 2h</i>)</b>	<b>-</b>	-
<b>Non-financial assets</b>		
Tangible capital assets ( <i>note 11</i> )	<b>12,671</b>	12,174
Prepaid expenses	<b>1,564</b>	1,573
Inventories held for use	<b>104</b>	108
<b>Total non-financial assets</b>	<b>14,339</b>	13,855
<b>Accumulated surplus (<i>note 15</i>)</b>	<b>14,339</b>	13,855

*The accompanying notes are an integral part of these financial statements.*

Authorized for issue on the 13th day of December 2022, on behalf of the Legislative Assembly Management Committee.

Hon. Raj Chouhan, Speaker



## Statement of Operations and Change in Accumulated Surplus

For the year ended March 31, 2022, with comparative information for 2021

<i>(in thousands of dollars)</i>	<b>Budget</b>	<b>2022</b>	<b>2021</b>
<b>Expenses (note 14)</b>			
Members' Services	40,644	<b>38,453</b>	41,032
Respectful Workplace Office	250	<b>88</b>	26
Caucus Support Services	8,178	<b>8,231</b>	8,003
Office of the Speaker	425	<b>270</b>	435
Office of the Clerk	1,438	<b>1,471</b>	1,432
Clerk of Committees	1,393	<b>1,281</b>	502
Legislative Operations	21,552	<b>20,148</b>	16,819
Sergeant-at-Arms	6,380	<b>6,594</b>	5,199
Hansard Services	3,969	<b>4,391</b>	3,945
Legislative Library	2,299	<b>2,214</b>	2,200
<b>Total expenses</b>	<b>86,528</b>	<b>83,141</b>	79,593
<b>Revenues</b>			
Miscellaneous revenue (note 13)	466	<b>952</b>	1,727
<b>Total revenues</b>	<b>466</b>	<b>952</b>	1,727
<b>Net cost of operations</b>	<b>86,062</b>	<b>82,189</b>	77,866
<b>Government funding</b>			
Appropriation - operating (note 12)	86,062	<b>80,271</b>	76,895
Appropriation - capital (note 12)	6,309	<b>2,402</b>	4,714
<b>Total government funding</b>	<b>92,371</b>	<b>82,673</b>	81,609
<b>Annual surplus</b>	-	<b>484</b>	3,743
<b>Accumulated surplus - beginning of year</b>	-	<b>13,855</b>	10,112
<b>Accumulated surplus - end of year (note 15)</b>	-	<b>14,339</b>	13,855

The accompanying notes are an integral part of these financial statements.





## Statement of Change in Net Assets

For the year ended March 31, 2022, with comparative information for 2021

<i>(in thousands of dollars)</i>	<b>2022</b>	<b>2021</b>
<b>Net assets - beginning of year (note 2h)</b>	-	-
<b>Annual (surplus) deficit</b>	<b>(484)</b>	<b>(3,743)</b>
<b>Change due to tangible capital assets</b>		
Acquisition of tangible capital assets	<b>2,402</b>	4,714
Loss on disposal of tangible capital assets	<b>(2)</b>	-
Write down of work-in-progress balance	<b>(162)</b>	(86)
Amortization of tangible capital assets	<b>(1,741)</b>	(1,446)
<b>Total change due to tangible capital assets</b>	<b>497</b>	3,182
Acquisition of inventories held for use	<b>61</b>	47
Acquisition of prepaid expenses	<b>1,587</b>	1,578
Consumption of inventories held for use	<b>(65)</b>	(61)
Use of prepaid expenses	<b>(1,597)</b>	(1,003)
<b>Increase (decrease) in net assets</b>	-	-
<b>Net assets – end of year (note 2h)</b>	-	-

The accompanying notes are an integral part of these financial statements.



## Statement of Cash Flow

For the year ended March 31, 2022, with comparative information for 2021

<i>(in thousands of dollars)</i>	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
Annual surplus (deficit)	<b>484</b>	3,743
Items not involving cash:		
Amortization of tangible capital assets	<b>1,741</b>	1,446
Loss on disposal of tangible capital assets	<b>2</b>	-
Write down of work-in-progress balance	<b>162</b>	86
Change in non-cash working capital:		
Increase in accounts receivable	-	(11)
Decrease in inventories held for sale	<b>36</b>	22
Increase in due from the CRF	<b>(492)</b>	(2,607)
Increase in accounts payable and accrued liabilities	<b>2,806</b>	544
Increase in deferred revenue	-	2
Increase in accrued obligations to employees	<b>47</b>	159
Decrease in MLA unfunded pension liability	<b>(230)</b>	(280)
Increase (decrease) in transitional assistance	<b>(2,169)</b>	2,169
Decrease in inventories held for use	<b>4</b>	15
Decrease (increase) in prepaid expenses	<b>10</b>	(575)
<b><i>Net change in cash from operating activities</i></b>	<b>2,401</b>	4,713
<b>Capital activities</b>		
Cash used to acquire tangible capital assets	<b>(2,402)</b>	(4,714)
<b><i>Net change in cash from capital activities</i></b>	<b>(2,402)</b>	(4,714)
<b>Financing activities</b>		
None	-	-
<b><i>Net change in cash from financing activities</i></b>	-	-
<b>Net change in cash</b>	<b>(1)</b>	(1)
<b>Cash, beginning of year</b>	<b>2</b>	3
<b>Cash, end of year</b>	<b>1</b>	2

*The accompanying notes are an integral part of these financial statements.*



## Notes to the Financial Statements

For the year ended March 31, 2022

### 1. Nature of Operations

The Legislative Assembly of British Columbia (the Legislative Assembly) is a self-governing, parliamentary institution. The Legislative Assembly, like all provincial legislatures in Canada, is established by the *Constitution Act, 1867* (formerly the *British North America Act, 1867*), which provides for the matters over which the provincial legislatures have lawmaking competency. The composition and governance of the Legislative Assembly of British Columbia is set out in the provincial *Constitution Act* (R.S.B.C. 1996, c. 66). Its proceedings are governed by the *Standing Orders of the Legislative Assembly of British Columbia*.

The 87 Members of the Legislative Assembly (Members) are elected by British Columbians to represent an electoral district (also called a riding or constituency) in a provincial general election. The main functions of the Legislative Assembly are: to consider, debate and approve legislation; to consider and approve all financial expenditures by government; and to provide general oversight of the policies, plans, and actions of the executive branch of government.

The Legislative Assembly Management Committee (LAMC) is the parliamentary management board of the Legislative Assembly and oversees its financial management and administration. Chaired by the Speaker, LAMC is comprised of Members and is reflective of the composition of the Legislative Assembly. Both LAMC's and the Speaker's administrative and oversight responsibilities are derived from the *Legislative Assembly Management Committee Act*. The Subcommittee on Finance and Audit (SFA) is a subcommittee of LAMC mandated through its terms of reference established by LAMC to review the financial statements, the adequacy of internal controls, the audit process, and financial reporting.

The Legislative Assembly and its Members are supported by non-partisan employees who make up the Legislative Assembly Administration. The Clerk of the Legislative Assembly is the senior permanent officer and procedural advisor to the Speaker and all Members, and is head of the Legislative Administration with responsibility for the overall administration and financial management of the Legislative Assembly. The position directs Legislative Assembly management and staff in the provision and delivery of non-partisan services to Members.

Legislative Assembly Administration staff provide non-partisan services and support required by Members to fulfil their parliamentary duties and provide continuity in the administration of the Legislative Assembly from one parliament to another. Advice and support are provided through a wide variety of services such as procedural, legislative, information technology, facilities management, library, educational, security, financial, human resources, and food services.

## 2. Summary of Significant Accounting Policies

### (a) Basis of accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). All fiscal year references are for the year ended March 31.

The amounts reported in these financial statements may not be consistent with the amounts presented in the Province of B.C.'s *Public Accounts* due to timing differences and the various adjustments required to create stand-alone, non-consolidated financial statements.

The Legislative Assembly did not adopt any new accounting standards during the year ended March 31, 2022.

### (b) Basis of consolidation

These financial statements reflect the assets, liabilities, revenues, and expenses of the Legislative Assembly. Constituency offices are independent offices run by individual Members. The Legislative Assembly provides some administrative services to constituency offices including payroll and payables processing. However, the Legislative Assembly does not control the constituency offices, and as such, their assets, liabilities, revenues, and expenses are not consolidated into these financial statements or into the Province of B.C.'s *Public Accounts*. The Legislative Assembly records an annual expense equal to the amount each Member is entitled to receive from the Legislative Assembly to run their constituency office.

### (c) Inventories

Inventories held for sale are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost plus shipping costs. Net realizable value is the estimated selling price less any costs to sell. This category of inventory includes Parliamentary Gift Shop and Parliamentary Dining Room inventory.

Inventories held for use are valued at the lower of replacement value and cost, which includes the original purchase cost plus shipping costs. This category of inventory includes bulk purchases of carpeting to be installed in the Parliament Buildings and educational resources developed for public distribution.

### (d) Due from the Consolidated Revenue Fund

Amounts due from the Consolidated Revenue Fund (CRF) are the result of timing differences at year-end, and represent the net cash that the Legislative Assembly is entitled to draw from the CRF to discharge its liabilities without further appropriations.

### (e) Tangible capital assets

Tangible capital assets (TCAs) are recorded at cost, which include amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. The Legislative Assembly only capitalizes TCAs that meet the acquisition cost thresholds defined in its policy manual, which is based on the Province of B.C.'s Core Policy and Procedures Manual (CPPM). The acquisition cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

<i>Asset Class</i>	<i>Useful life</i>	<i>Threshold</i>
Buildings	40 years	≥\$50,000
Furniture and equipment	5 years	≥\$1,000
Specialized equipment		
Heavy equipment	10 years	≥\$10,000
Operating equipment	5 years	≥\$1,000
Vehicles	7 years	None
Computer hardware and software		
Hardware, servers, and related software	5 years	≥\$10,000
Personal computer hardware, software, servers, and related peripherals	3 years	≥\$1,000

Amortization for assets under construction does not begin until the asset is available for use.

TCA's are written down when conditions indicate that they no longer contribute to the Legislative Assembly's ability to provide goods and services, or when the value of future economic benefits associated with the TCA's are less than their net book value. TCA write-downs are accounted for as expenses in the Statement of Operations.

Under PSAS, intangible assets, works of art, and historical treasures are not recognized in the financial statements.

Leases which transfer substantially all of the benefits and risks of property ownership to the lessee are accounted for as capital leases. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred. The Legislative Assembly did not have any capital leases during the fiscal year.

**(f) Prepaid expenses**

Prepaid expenses include such things as advance payments of monthly Member allowances and constituency office leases, annual licenses, and other service payments that will be charged to expense over the periods the Legislative Assembly is expected to benefit from them.

**(g) Accrued obligations to employees**

- i. Employee leave liability

Employee vacation time and banked overtime are accrued as earned and reduced when taken or paid out. Associated employee benefit costs are included in the accrual. The accrual is adjusted to reflect current pay rates. Additional information is provided in note 6.

Regular employees who retire and who are scheduled to receive a pension under the B.C. Public Service Pension Plan are granted a full vacation entitlement for the final calendar year of service, regardless of the retirement date. In these cases, a full vacation entitlement is accrued on the employee's last day of work.



ii. Employee retirement allowance

The estimated employee retirement allowance is accrued and recorded as expense in the fiscal year in which employees become eligible to receive the allowance. Each year the estimated liability is adjusted to account for new employees becoming eligible, employee retirements, and employee pay rate changes. An actuarial valuation is not performed. Additional information is provided in note 6.

**(h) Net assets**

The Legislative Assembly has not been required to incur any debt because it is fully funded through its Vote 1 operating and capital appropriations. As a result, its net debt position is zero.

**(i) Pension plans**

i. Pension benefits

The employees and Members of the Legislative Assembly belong to the B.C. Public Service Pension Plan, which is a multi-employer joint trustee plan. This plan is a defined benefit plan, providing a pension on retirement based on age at retirement, length of service, and highest average earnings. Inflation adjustments are contingent upon available funding.

As the assets and liabilities of the plan are not segregated by institution, the Legislative Assembly accounts for the plan as a defined contribution plan. Contributions made by the Legislative Assembly are expensed as incurred.

ii. Members of the Legislative Assembly Superannuation Account

Unfunded pension liabilities of the Members of the Legislative Assembly Superannuation Account represent the terminal funding that would be required from the Legislative Assembly for the difference between the present value of the obligations for future benefit entitlements and the amount of funds available in the account.

Additional information about pension plans is provided in note 7.

**(j) Transitional assistance**

Transitional Assistance is recorded as an expense in the fiscal year in which the former Member chose not to stand for re-election or was defeated in a provincial general election. Funds provided to former Members for the Career Retraining Allowance are expensed in the fiscal year in which the retraining occurred. Management records an estimated liability at year-end for the remaining transitional assistance payments. Additional information is provided in note 8.

**(k) Financial instruments**

The Legislative Assembly does not hold any derivatives or equity investments and has not elected to record any other financial instruments at fair value. Financial assets and financial liabilities are measured at cost or amortized cost, less any permanent impairment in value.

A statement of remeasurement gains and losses is not presented as the Legislative Assembly did not have any remeasurement transactions to report.

### **(l) Appropriation and revenue recognition**

Appropriations used to purchase non-financial assets (TCAs, prepaid expenses, and inventories held for use) are recognized as revenue when these assets are purchased. All other appropriations are recognized as revenue in the period in which the underlying expense occurs.

Parliamentary Dining Room and Parliamentary Gift Shop sales are recorded as revenue in the period in which the services or goods were provided or sold.

### **(m) Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed, regardless of when payment is made.

### **(n) Foreign currency translation**

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction.

### **(o) Measurement uncertainty**

The preparation of the financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of the revenues and expenses. Items requiring the use of significant estimates include the useful life of TCAs, the employee retirement allowance, the transitional assistance accrual, and the MLA unfunded pension liability.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Where actual results differ from these estimates and assumptions, the impact is recorded in future accounting periods when the difference becomes known.

## **3. Cash**

<i>(in thousands of dollars)</i>	<b>2022</b>	<b>2021</b>
Petty cash	1	2
Bank balance	-	-
<b>Total</b>	<b>1</b>	<b>2</b>

The Legislative Assembly bank account maintains a zero balance throughout the year. As payments are made, the Ministry of Finance deposits the Legislative Assembly's voted appropriation into the account to bring the account balance to zero.

#### 4. Accounts Receivable

<i>(in thousands of dollars)</i>	2022	2021
Accounts receivable	29	61
Due from constituency offices	54	22
<b>Total</b>	<b>83</b>	<b>83</b>

The majority of the Legislative Assembly's receivables are due from Members' constituency offices or relate to lease contracts. All receivables are expected to be collected. As such, no provision for doubtful accounts has been recorded.

#### 5. Accounts Payable and Accrued Liabilities

<i>(in thousands of dollars)</i>	2022	2021
Accounts payable and accrued liabilities	4,004	2,700
Due to constituency offices	5,910	5,026
Salaries and benefits payable	2,338	1,865
Unreleased minister salary holdbacks	276	131
<b>Total</b>	<b>12,528</b>	<b>9,722</b>

##### (a) Accounts payable and accrued liabilities

This account contains amounts payable to suppliers, and payroll remittances for Employment Insurance, the Canada Pension Plan, and income tax.

##### (b) Due to constituency offices

Each Member is entitled to an annual allowance with which to operate their constituency office. The Assembly processes all payments, including payroll, as an administrative service to the constituency offices. Any unspent portion of the allowance carries forward for use by the Member's constituency office in future years, with the remaining balance due back to the Legislative Assembly when the Member ceases to be a Member. The balance in this account represents the accumulated amounts owed to those Members' constituency offices that have spent less than their annual allowance over their term of office.

##### (c) Salaries and benefits payable

This account contains salary and benefit amounts payable to employees and Members at fiscal year-end due to the timing of the bi-weekly payroll schedule. Fourteen days of unpaid work was accrued as at March 31, 2022.

##### (d) Unreleased minister salary holdbacks

Members of the Executive Council receive additional salary for performing their respective roles set out in the *Members' Remuneration and Pensions Act*. While the Legislative Assembly is responsible for the payment of the additional salaries, they are part of the respective Ministry budgets and are recovered

from them on a quarterly basis. As the full amount is recovered, the Legislative Assembly's budget and statement of operations do not contain any amounts related to these additional salaries.

A 20% holdback is applied to the salaries of the Executive Council as required by the *Balanced Budget and Ministerial Accountability Act* (BBMAA). The withheld salary amounts are released after the Province of B.C.'s *Public Accounts* for the fiscal year are issued if their targets are achieved. As the *Public Accounts* are released after the Legislative Assembly's fiscal year-end, an accrual is necessary to record the amount of ministerial salary withheld during the fiscal year.

All members of the Executive Council met their targets for fiscal 2022 and, therefore, received their ministerial salary holdback in September 2022.

## 6. Accrued Obligations to Employees

<i>(in thousands of dollars)</i>	<b>2022</b>	<b>2021</b>
Employee leave liability	1,095	1,028
Employee retirement allowance	579	599
<b>Total</b>	<b>1,674</b>	<b>1,627</b>

### (a) Employee leave liability

Eligible employees receive an annual vacation entitlement which increases with length of service. One-twelfth of the annual entitlement is earned by the employee each month, and a minimum of fifteen days of current year vacation must be used each year. Employees who have unused vacation days for an employment year may have the unused vacation paid out or carried forward for use in the following year.

The employee leave liability amount contains current year vacation earned and not taken to March 31, 2022, vacation hours carried forward from previous years, and banked overtime hours.

Constituency assistants are employees of individual Members, and are not employees of the Legislative Assembly. Their leave, therefore, is not included in this accrual. Members, as elected officials, do not accrue vacation time.

### (b) Employee retirement allowance

A retirement allowance is payable upon retirement to employees who have completed twenty or more years of combined service with the Legislative Assembly and the B.C. Public Service (with no break in service), are at least 55 years of age, and who are scheduled to receive payments from the B.C. Public Service Pension Plan.

The retirement allowance is calculated based on the employee's years of contributory service and basic salary at retirement. The minimum number of days of retirement allowance payable is 21.75 days (for those who have worked 20 years) and the maximum is 65.25 days (for those who have worked 30 or more years). This policy was updated in 2021, employees hired on or before December 31, 2020 have a minimum number of days of retirement allowance payable of 11 days (for those who have worked for 5 or more years as of December 31, 2020) and the same maximum (65.25 days with 30 or more years as of December 31, 2020).

Retirement allowance payments to five former employees, totaling \$46 thousand, were made in fiscal 2022 (payments totaling \$58 thousand were made to four former employees in fiscal 2021). The five former employees who received a retirement allowance payment during the year had an average contributory service of 15 years.

## 7. Pension Plans

### (a) B.C. Public Service Pension Plan

The Legislative Assembly, the majority of its employees, and Members contribute to the B.C. Public Service Pension Plan (the Plan). The Public Service Pension Board of Trustees, representing Plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at March 31, 2021, the Plan had about 68 thousand active members and approximately 52 thousand retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

Pension benefits vest immediately for regular employees and after six years for Members.

The latest actuarial valuation, as at March 31, 2020, indicated a funding surplus of \$2.7 billion for basic pension benefits on a going concern basis. The next valuation will be as at March 31, 2023.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, with no consistent and reliable basis for allocating the obligation, assets, and cost to individual employers participating in the Plan.

The Legislative Assembly paid \$2.7 million for employer contributions to the Plan in fiscal 2022 (\$2.6 million in fiscal 2021). The Legislative Assembly's contribution rate for the year was 9.85% of each employee's base salary (employees contribute 8.35%).

The Legislative Assembly paid \$4.4 million for employer contributions to the Plan on behalf of Members in fiscal 2022 (\$4.4 million in fiscal 2021). The contribution rate to the Plan on behalf of Members remained at 40.14% of salary; each Member contributes 11% of their salary. Member participation in the Plan was established in 2007 by Part 3 of the *Members' Remuneration and Pensions Act* and based on recommendations made by the April 2007 Report by the Independent Commission to Review MLA Compensation. Members previously participated in a separate plan which is discussed below in note 7 (b).



## **(b) Members of the Legislative Assembly Superannuation Account**

The Legislative Assembly Superannuation Account (the Account) was established under Part 2 of the *Members' Remuneration and Pensions Act* (the Act). The Account is administered by the British Columbia Pension Corporation. The Act was amended in July 1995 to discontinue the accrual of benefit entitlements under Part 2 after June 19, 1996.

As the remaining eligible Members retire, the present value of the amount required to provide a Member's future pension benefit is transferred from the Account to the B.C. Public Service Pension Plan (the Plan). Pension payments are then paid from the Plan. The Legislative Assembly provides additional funding when the present value of the liability exceeds the accumulated assets in the Account available to fund those Members' benefit entitlements. The Act provides basic pension benefits for Members based on length of service, highest four-year average earnings and Plan members' age at retirement. Benefits, such as group health benefits and inflation protection for the basic pension, are not guaranteed and are contingent upon available funding.

A total of \$248 thousand was transferred from the Account to the Plan during the year (\$313 thousand in fiscal 2021). No Members began receiving their pension in fiscal 2022 (two Members in fiscal 2021).

There are currently two Members eligible to receive a future pension benefit funded by the Account. As they retire, the Legislative Assembly will need to contribute \$630 thousand to the B.C. Public Service Pension Plan. There is \$140 thousand in the Account to cover this required funding so the net liability of the Legislative Assembly is \$490 thousand (\$720 thousand in fiscal 2021).

## **8. Transitional Assistance**

A Member's term as an elected official is not considered insurable employment; therefore, Members are not eligible to contribute to the federal Employment Insurance plan. Instead, transitional assistance is available to Members who choose not to stand for re-election or who are defeated in a provincial general election. To qualify for transitional assistance, Members must complete their term of office in a parliament (i.e., the period between one dissolution and the next). Members who resign, forfeit their seat, or pass away during a parliament are not eligible for this assistance.

For eligible former Members, transitional assistance payments are based on the current annual Member basic compensation rate. Transitional assistance is payable for a minimum of four months and a maximum of 15 months. Transitional assistance payments are taxable but not pensionable and are reduced by the gross amount of income and Member pension benefits received. Benefits coverage continues while former Members are in receipt of transitional assistance.

To qualify for the full amount of transitional assistance, a Member must have served during the entirety of a parliament. Transitional assistance for a Member elected in a by-election is prorated based on time served.

In total, \$2.2 million in transitional assistance (not including benefits) was paid to former Members during fiscal 2022 (\$1.1 million in fiscal 2021).

Members eligible for transitional assistance are also eligible for a career retraining allowance. The allowance provides funding for career counselling, education, and training costs up to \$9,000 during the

transitional assistance period. In 2022, a total of \$26 thousand (\$23 thousand in fiscal 2021) in career retraining expenses was reimbursed to seven former Members (six in fiscal 2021).

## 9. Contingent Liabilities

The Legislative Assembly may periodically be involved in legal proceedings, claims, and litigation that arise in the normal course of operations. It is not possible to predict with any certainty the outcome of one pending legal matter; however, in the opinion of Management, any liability that may arise would not have a material effect on the Legislative Assembly's financial position or results of operations.

Regular management and executive meetings are held in which operations are discussed and contingent liabilities are identified. Management identifies contingent liabilities through review of day-to-day transactions, discussion with legal counsel, and by reviewing the meeting minutes of SFA and LAMC.

## 10. Contractual Obligations

The Legislative Assembly is committed to minimum annual payments under various contracts for the delivery of services, the use of office equipment, and the rental of office space. In addition, Members' lease office space throughout B.C. for their constituency offices. These leases are usually four years in length to coincide with the typical length of a parliament. These contractual obligations are included below because they are paid for by the Legislative Assembly.

<i>(in thousands of dollars)</i>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Total</b>
Office leases	5,705	5,642	3,685	-	-	<b>15,032</b>
Service contracts	1,228	829	458	17	17	<b>2,549</b>
Licenses	759	682	-	-	-	<b>1,441</b>
Other – capital projects	148	55	-	-	-	<b>203</b>
<b>Total</b>	<b>7,840</b>	<b>7,208</b>	<b>4,143</b>	<b>17</b>	<b>17</b>	<b>19,225</b>

## 11. Tangible Capital Assets

### (a) Tangible Capital Asset Schedule - March 31, 2022

<i>(in thousands of dollars)</i>	Buildings	Furniture and Equipment	Specialized Equipment	Vehicles	Computer Hardware and Software	Work in Progress	2022 Total
<b>Cost</b>							
Opening Balance	7,957	4,389	7,157	67	8,625	2,962	31,157
Additions	-	205	294	-	454	1,449	2,402
Disposals	-	-	(9)	-	-	-	(9)
Transfers	2,739	-	268	-	149	(3,156)	-
Write-Downs	-	-	-	-	-	(162)	(162)
<b>Closing Balance</b>	<b>10,696</b>	<b>4,594</b>	<b>7,710</b>	<b>67</b>	<b>9,228</b>	<b>1,093</b>	<b>33,388</b>
<b>Accumulated Amortization</b>							
Opening Balance	(2,894)	(4,038)	(5,205)	(52)	(6,794)	-	(18,983)
Amortization	(181)	(137)	(584)	(5)	(834)	-	(1,741)
Disposals	-	-	7	-	-	-	7
Write-Downs	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>(3,075)</b>	<b>(4,175)</b>	<b>(5,782)</b>	<b>(57)</b>	<b>(7,628)</b>	<b>-</b>	<b>(20,717)</b>
<b>Net Book Value</b>	<b>7,621</b>	<b>419</b>	<b>1,928</b>	<b>10</b>	<b>1,600</b>	<b>1,093</b>	<b>12,671</b>

**(b) Tangible Capital Asset Schedule - March 31, 2021**

<i>(in thousands of dollars)</i>	<b>Buildings</b>	<b>Furniture and Equipment</b>	<b>Specialized Equipment</b>	<b>Vehicles</b>	<b>Computer Hardware and Software</b>	<b>Work in Progress</b>	<b>2021 Total</b>
<b>Cost</b>							
Opening Balance	7,957	4,299	6,477	67	7,204	525	26,529
Additions	-	90	235	-	1,421	2,968	4,714
Disposals	-	-	-	-	-	-	-
Transfers	-	-	445	-	-	(445)	-
Write-Downs	-	-	-	-	-	(86)	(86)
<b>Closing Balance</b>	<b>7,957</b>	<b>4,389</b>	<b>7,157</b>	<b>67</b>	<b>8,625</b>	<b>2,962</b>	<b>31,157</b>
<b>Accumulated Amortization</b>							
Opening Balance	(2,748)	(3,901)	(4,678)	(42)	(6,168)	-	(17,537)
Amortization	(146)	(137)	(527)	(10)	(626)	-	(1,446)
Disposals	-	-	-	-	-	-	-
Write-Downs	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>(2,894)</b>	<b>(4,038)</b>	<b>(5,205)</b>	<b>(52)</b>	<b>(6,794)</b>	<b>-</b>	<b>(18,983)</b>
<b>Net Book Value</b>	<b>5,063</b>	<b>351</b>	<b>1,952</b>	<b>15</b>	<b>1,831</b>	<b>2,962</b>	<b>12,174</b>

**(c) Work in progress**

Assets under construction totaling approximately \$1.1 million (\$3 million at March 31, 2021) have not been amortized. Amortization of these assets will commence when the assets are available for use.

**(d) Assets recognized at nominal value**

During fiscal 2010, the Province of B.C. transferred 421 and 431 Menzies Street, both of which are on the Legislative Precinct, to the Legislative Assembly for a nominal value of two dollars. These buildings are recorded at their cost of one dollar each and are included in the buildings asset class.

**(e) Works of art and historical treasures**

Works of art and historical treasures are not recognized in the financial statements under PSAS. The Legislative Assembly has an extensive library collection of historical books, government publications, newspapers, periodicals and pamphlets.

**(f) Other assets not recorded**

The land on which the Parliament Buildings are located is Crown land owned by the Province of B.C. and consistent with the accounting policy (Note 2e), is not capitalized or included in these financial statements.

**12. Appropriations**

The Legislative Assembly receives an annual appropriation (Vote 1 of the *Estimates*) that includes an operating and capital component. Any unused appropriations lapse at the end of the fiscal year. The budgeted figures included in these financial statements are consistent with Vote 1 and have been provided for comparison purposes. The operating appropriation of \$86.0 million (\$85.0 million in fiscal 2021) is net of \$0.5 million (\$0.8 million in fiscal 2021) in budgeted revenues and recoveries.

The Legislative Assembly has statutory spending authority which provides for additional funding should costs exceed approved budgets due to unforeseen circumstances, such as increased length of sittings of the Legislative Assembly or additional work undertaken by parliamentary committees. The following table compares the Legislative Assembly's actual expenditures to approved budgets:

<i>(in thousands of dollars)</i>	<b>2022</b>			<b>2021</b>		
	<b>Operating</b>	<b>Capital</b>	<b>Total</b>	<b>Operating</b>	<b>Capital</b>	<b>Total</b>
Appropriations	86,062	6,309	<b>92,371</b>	85,014	5,950	<b>90,964</b>
Net cost of operations	(82,189)	-	<b>(82,189)</b>	(77,866)	-	<b>(77,866)</b>
Capital acquisitions	-	(2,402)	<b>(2,402)</b>	-	(4,714)	<b>(4,714)</b>
<b>Unused Appropriations</b>	<b>3,873</b>	<b>3,907</b>	<b>7,780</b>	<b>7,148</b>	<b>1,236</b>	<b>8,384</b>



### 13. Miscellaneous Revenue

<i>(in thousands of dollars)</i>	Budget	Actual	
	2022	2022	2021
Parliamentary Dining Room	360	505	170
Parliamentary Gift Shop	34	93	37
Recovery of prior year's expenses	-	-	11
Constituency Office Allowance recoveries	-	283	1,438
Lease revenue	70	70	70
Other miscellaneous revenue	2	1	1
<b>Total</b>	<b>466</b>	<b>952</b>	<b>1,727</b>

#### (a) Parliamentary Dining Room and Parliamentary Gift Shop

The Parliamentary Dining Room is a restaurant operated by the Legislative Assembly in the Parliament Buildings. It is open to Members, employees, and the public. The Legislative Assembly also operates a Parliamentary Gift Shop. Sales are reported on a gross basis, and the cost of goods sold associated with the sales are reported as an expense and are disclosed in note 14.

#### (b) Recovery of prior year's expenses

In fiscal 2022, nil (\$11 thousand in fiscal 2021) was recovered related to prior year operating and salary costs. These amounts are included in the recovery of prior year's expenses category.

#### (c) Recoveries from constituency offices

As described in note 5 (b), Members may carry forward unspent constituency office funds for use in future years. When the Member ceases to be a Member, any remaining unspent funds are due back to the Legislative Assembly.

#### (d) Lease revenue

The Legislative Assembly leases office space on the Legislative Precinct to several media groups, the Premier's Correspondence Branch, and the Office of the Conflict of Interest Commissioner.

#### (e) Other miscellaneous revenue

Other miscellaneous revenue includes minor costs recovered by the Legislative Assembly.

## 14. Expenses by Object

The following is a summary of expenses by object:

<i>(in thousands of dollars)</i>	<b>Budget</b>	<b>Actual</b>	
	<b>2022</b>	<b>2022</b>	<b>2021</b>
Salaries and benefits	48,979	46,493	43,931
Members' allowances and expenses	21,857	21,010	23,283
Operating expenses	14,025	13,550	10,769
Amortization expense	1,440	1,741	1,446
Cost of goods sold	207	347	164
Other expenses	20	-	-
<b>Total</b>	<b>86,528</b>	<b>83,141</b>	<b>79,593</b>

### a) Members' allowances and expenses

Members' allowances and expenses is comprised of constituency office leases, Member transitional assistance payments, the constituency office allowance, Member travel expenses, Member allowances, and other amounts. A detailed breakdown of Member travel expenses and Member constituency office expenditures is available on the Legislative Assembly's website (<https://www.leg.bc.ca/>). The total shown in this note contains amounts not included on our website, such as office lease and insurance amounts, which are paid for from the Legislative Assembly's central budget.

### b) Cost of goods sold

Cost of goods sold represents the cost of items sold in the Parliamentary Gift Shop totaling \$69 thousand (\$30 thousand in 2021), the cost of food and beverages sold in the Parliamentary Dining Room totaling \$213 thousand (\$75 thousand in 2021), and the cost of educational resources distributed totaling \$65 thousand (\$59 thousand in 2021).

### c) Other expenses

Other expenses represent grants budgeted but not awarded.

## 15. Accumulated Surplus

<i>(in thousands of dollars)</i>	2022	2021
<b>Accumulated surplus - beginning of year</b>	13,855	10,112
Acquisition of tangible capital assets	2,402	4,714
Loss on disposal of tangible capital assets	(2)	-
Write down of work-in-progress balance	(162)	(86)
Amortization of tangible capital assets	(1,741)	(1,446)
Acquisition of inventories held for use	61	47
Acquisition of prepaid expenses	1,587	1,578
Consumption of inventories held for use	(65)	(61)
Use of prepaid expenses	(1,597)	(1,003)
Annual surplus	484	3,743
<b>Accumulated surplus - end of year</b>	<b>14,339</b>	<b>13,855</b>

Appropriations used to purchase non-financial assets (TCAs, prepaid expenses, and inventories held for use) are recognized as revenue when these assets are purchased (note 2(I)). The expense related to these assets is recognized over time as they are used or consumed. This timing difference creates an annual surplus or deficit. The accumulation of the annual surpluses and deficits results in an accumulated surplus balance, which is equal to the total non-financial assets balance.

## 16. Risk Management

It is management's opinion that the Legislative Assembly is not exposed to significant interest, liquidity, currency, or credit risk arising from its financial operations. The carrying values of financial assets and liabilities approximate their fair value because of their short maturity.

The Legislative Assembly is self-insured. Any damage to Legislative Assembly property or equipment is paid for out of the Legislative Assembly's operating and capital budgets.

The Legislative Assembly pays an annual premium for a third party insurance policy covering Member constituency offices.

## 17. Related Party Transactions

The Legislative Assembly is related to all Province of B.C. ministries, agencies, Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, occurred in the normal course of operations, and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Examples of related party transactions conducted in the normal course of operations include printing fees paid to Queen's Printer and services provided by the Ministry of Citizens' Services.

# Management Discussion and Analysis

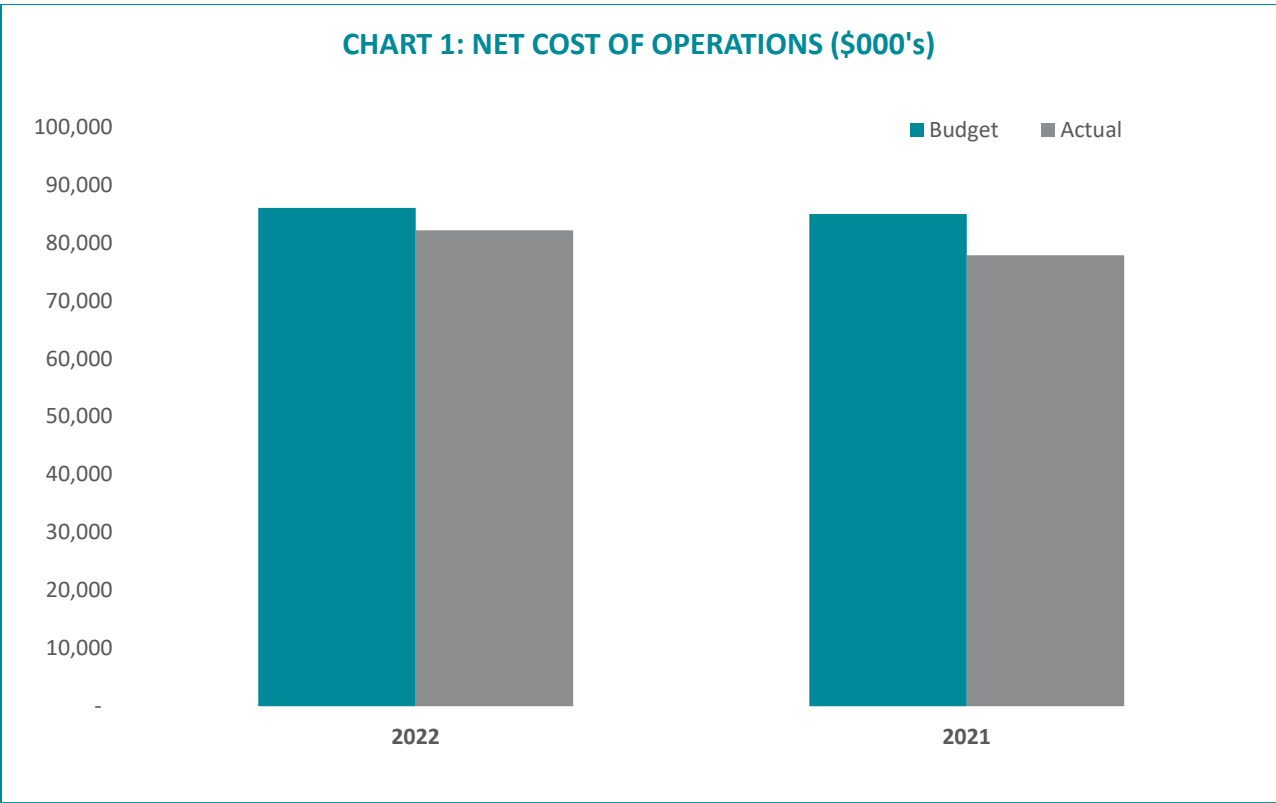
For the year ended March 31, 2022

This Management Discussion and Analysis (MD&A) reflects the continued commitment of the Legislative Assembly of British Columbia (the Legislative Assembly) to enhanced accountability and transparency. It complements the 2022 Financial Statements by providing further financial analysis and forward-looking information relating to the financial position and results of operations of the Legislative Assembly.

The MD&A should be read in conjunction with the Legislative Assembly’s audited Financial Statements for the year ended March 31, 2022. The financial information in this report has been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS), all totals and percentages have been rounded, and all year references are for the year ended March 31.

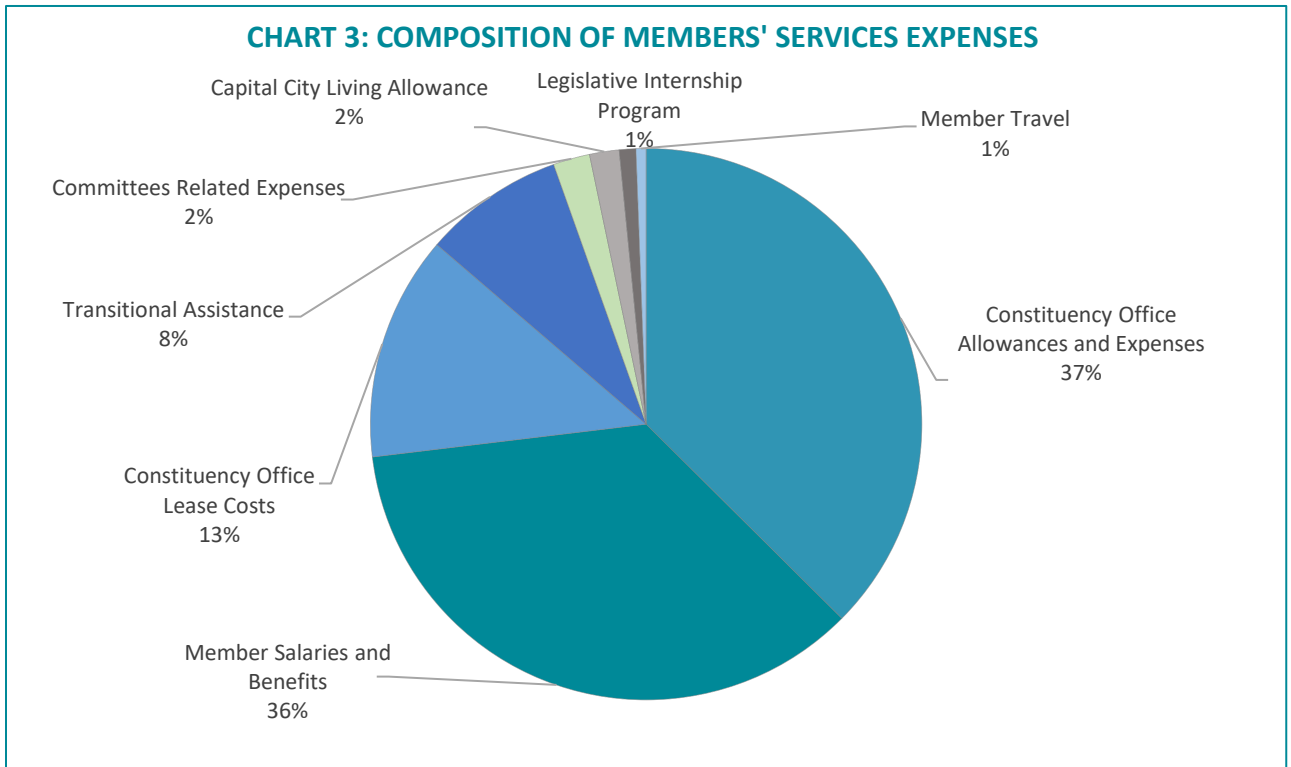
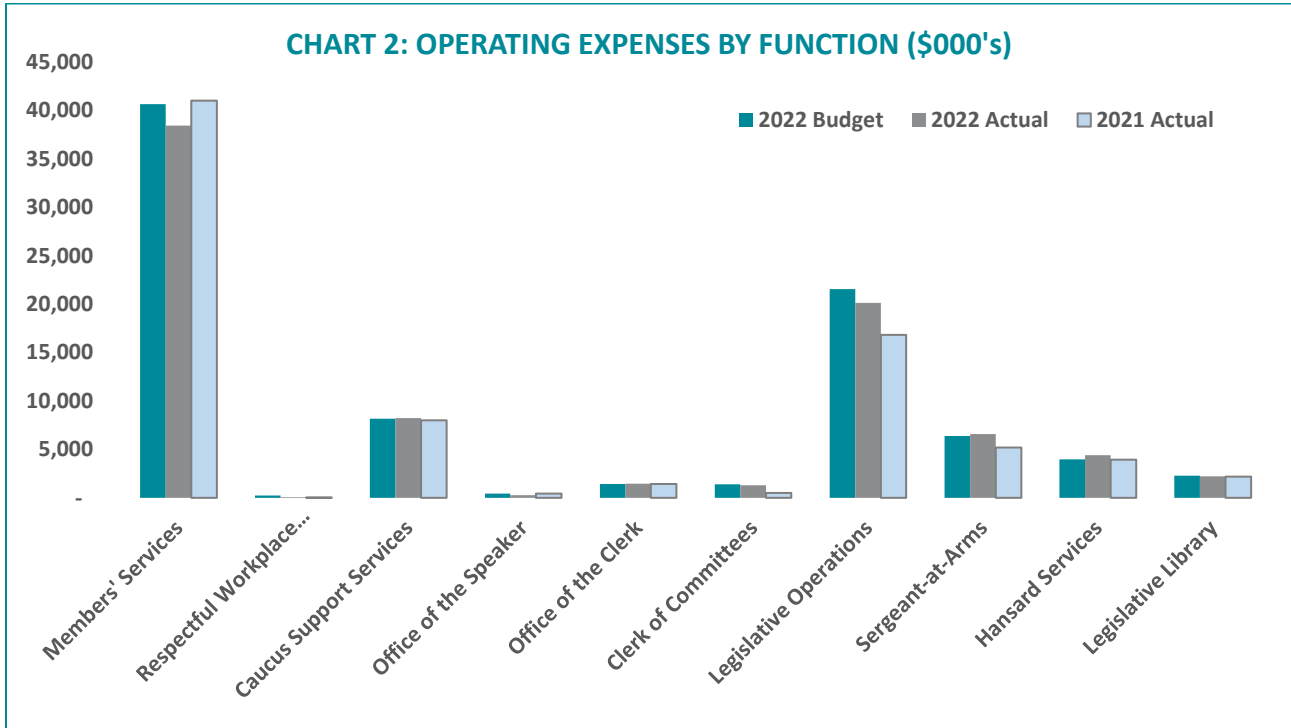
## Financial Results

The Legislative Assembly’s net cost of operations (expenses less revenues) for 2022 was \$82.2 million, which was \$3.9 million lower than the budget of \$86.1 million and \$4.3 million higher than actual spending in 2021 (see Chart 1). The Legislative Assembly incurred \$2.4 million in capital expenditures, representing a decrease of \$2.3 million in comparison to 2021, and an under-spend of \$3.9 million in comparison to the budget of \$6.3 million.



## Operating Expenses by Function

Total 2022 operating expenses were \$83.1 million, an increase of \$3.5 million from the \$79.6 million spent in 2021, and \$3.4 million less than budgeted. Expenses were lower than budgeted primarily in Members' Services and Legislative Operations. (See Chart 2 below.)





Members' Services consists of all expenses relating to Members of the Legislative Assembly (Members) and their constituency offices. Chart 3 shows the composition of Members' Services.

The largest component is constituency office allowances and expenses at 39%, followed by Members' salaries and benefits at 39%. Constituency office allowances and expenses include the annual per office constituency office allowance of \$150,000 (\$144,700 in 2021) per office, the new parliament start-up allowance, the furniture and equipment allowance, and expenses including but not limited to insurance, internet, phone, and security costs. Constituency office lease costs represent 15% of the Members' Services total.

Members' Services expenses were budgeted to be \$40.6 million. Actual expenses were \$38.5 million in 2022 (\$41.0 million in 2021), \$2.1 million lower than budget. The net under-spend was primarily a result of savings in Member travel and accommodation costs, transitional assistance and transitional allowance payments, and lower-than-budgeted Member compensation.

- Lower-than-budgeted Member salary and benefit costs as a result of the Consumer Price Index actual of 2.8% being less than the budgeted 4%, fewer-than-budgeted Members with additional salaried positions, and lower-than-budgeted overall benefit costs.
- Lower-than-budgeted Member travel (both in-province and out-of-province) due to travel restrictions resulting from COVID-19.
- Lower-than-budgeted costs for parliamentary committees - related costs due to travel restrictions resulting from COVID-19.
- Lower-than-budgeted lease costs in constituency offices following the 2020 provincial general election.
- Lower-than-budgeted transitional payments to non-returning Members following the 2020 provincial general election.

Each caucus receives an annual formula-driven budget to fund their legislative offices and responsibilities (Caucus Support Services). The formula is based on the number of Members within each caucus. As a result, there are minimal variances in annual expenses and budgets within each parliament. Caucus Support Services expenses were \$50 thousand over budget in 2022. The overspend was primarily a result of increased salary and benefit costs.

Office of the Clerk expenses were \$33 thousand higher than budget in 2022 due to the mid-year approval by LAMC of the new Legal Counsel position. The resulting overage was partially offset by savings in professional services.

Legislative Operations expenses were \$1.5 million under budget in 2022 as a result of operational savings, unfilled staff positions, lower-than-expected amortization costs due to capital projects not proceeding, reduced travel, and unspent contingency funds. These savings were offset in part by significant investments to upgrade and replace outdated information technology hardware and systems to address identified vulnerabilities following the November 2020 network outage.

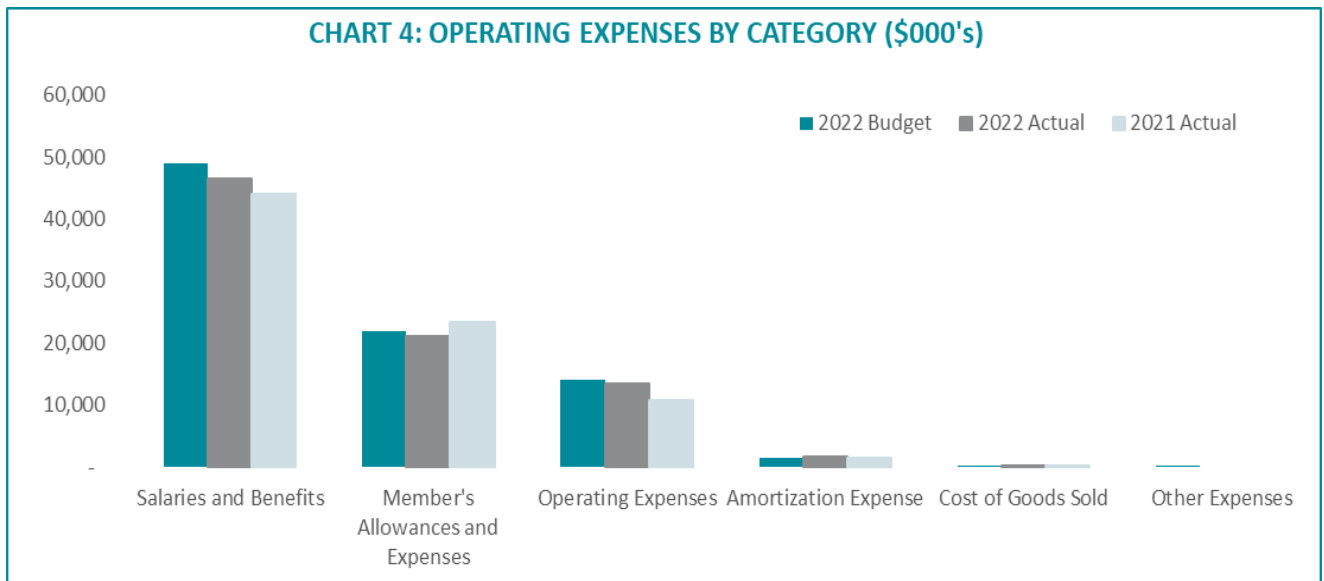
In 2022, the Legislative Assembly continued to invest in a series of structural information technology upgrades, including a refresh of the Precinct onsite server data backup environment and processes, a

migration of office collaboration tools to the cloud to better support mobile work; a modernization and replacement of data centre and network servers, and an upgrade of selected tools used to support Assembly information technology infrastructure. Further investments are still required to address the sustainability of the Assembly’s information technology infrastructure and to enhance the client experience. A summary of these key priority investments for 2022 are noted in the [Looking Ahead](#) section of this document.

Sergeant-at- Arms expenses were \$.2 million over budget in 2022 as a result of higher-than-expected external policing costs, offsetting operational savings.

### Operating Expenses by Category

The Legislative Assembly’s most significant expense category is Salaries and Benefits, accounting for 56% of the Legislative Assembly’s total expenses, followed by Members’ Allowances and Expenses at 25% (see Chart 4). The Salaries and Benefits category includes Members’ salaries and benefits.



Actual Assembly Salaries and Benefits were slightly higher as compared to 2021. Salaries and Benefits were \$2.5 million lower than budget as a result of a lower CPI rate than budget, fewer-than-budgeted MLAs with additional salaried positions, temporarily vacant positions, lower-than-expected benefit costs, and staff on long-term disability.

Members’ Allowances and Expenses, which includes the annual constituency office allowance, decreased by \$2.3 million compared to 2021 and was \$0.8 million under budget. This expense category was under budget primarily due to savings resulting from lower-than-budgeted Member travel, savings in the capital city living allowance, unused contingency reserves and other minor amounts. The majority of these savings were a result of COVID-19.

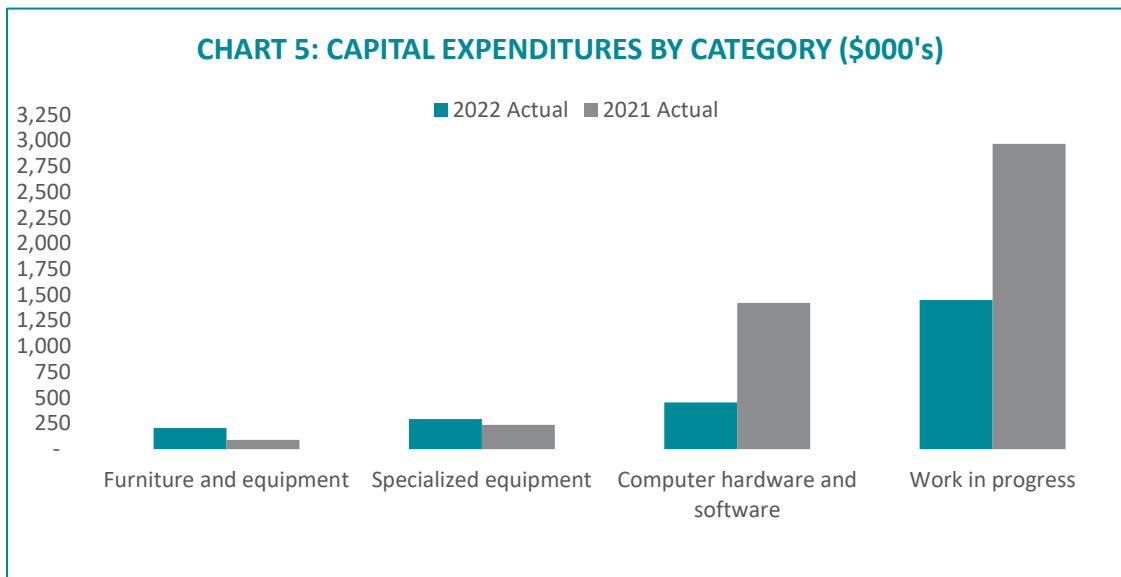
Operating Expenses are comprised of office administration, utilities, maintenance, telecommunications, and employee travel expenses. These expenses were \$2.8 million higher than 2021, and \$0.5 million lower than budget. This expense category was below budget due to lower-than-expected expenses for travel,

professional consulting services, operational and building maintenance costs, operational contract savings, and unspent contingency funds.

Amortization expense was \$301 thousand over budget due to unanticipated IT projects being completed during the year.

## Capital Expenditures by Category

Capital spending varies in amount and by category annually depending on need and priority.



The Legislative Assembly's capital assets include the Parliament Buildings and surrounding structures, building improvements, office furniture and equipment, computers, servers, maintenance equipment, security equipment, and specialized broadcasting equipment.

When compared to 2021, capital spending was lower in 2022 by \$2.3 million. Significant capital additions during 2022 included: ongoing strategic investments in safety, building envelope and security upgrades; life-cycle replacement of critical systems, assets and infrastructure; Member, caucus and constituency office information technology equipment refresh following the October 2020 provincial general election; and significant investments in information technology infrastructure following the November 2020 network outage.

At year-end, there were several projects underway (included in work-in-progress). These projects included upgrades to security infrastructure, safe passage seismic upgrades, accessibility enhancements, server upgrades, and specialized equipment purchases.

## Revenues

The Legislative Assembly generates revenue from the public and Members through its Parliamentary Dining Room and Parliamentary Gift Shop operations. Combined gross revenue of over \$0.6 million was

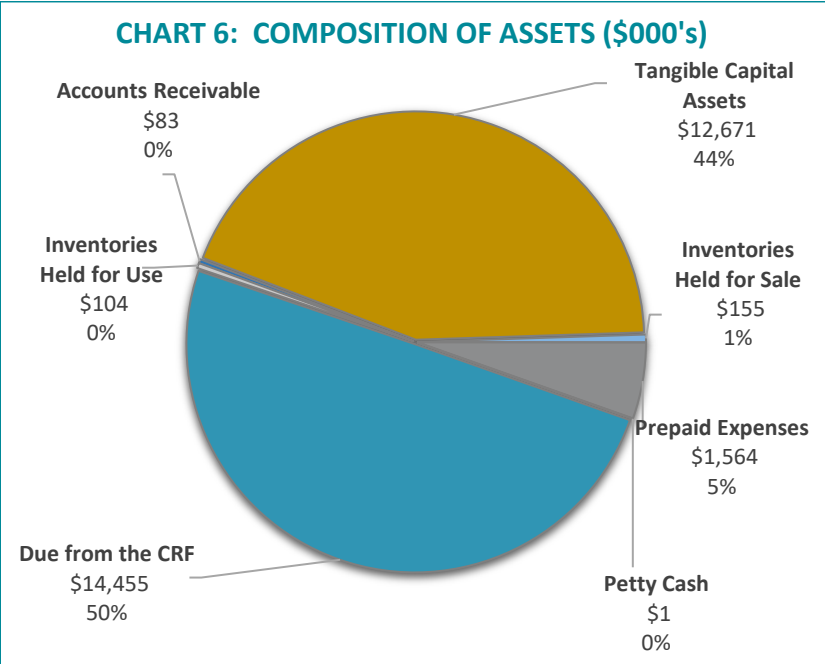
generated by these operations in 2022 (\$0.2 million in 2021). The year-over-year increase in revenues was a direct result of the reopening of the Parliament Buildings to the general public after COVID-19.

The Legislative Assembly also generates a small amount of lease revenue by leasing space on the Legislative Precinct to some media and public sector agencies, on a cost-recovery basis. Revenues are described further in note 13 of the Financial Statements.

## Financial Position

### Assets

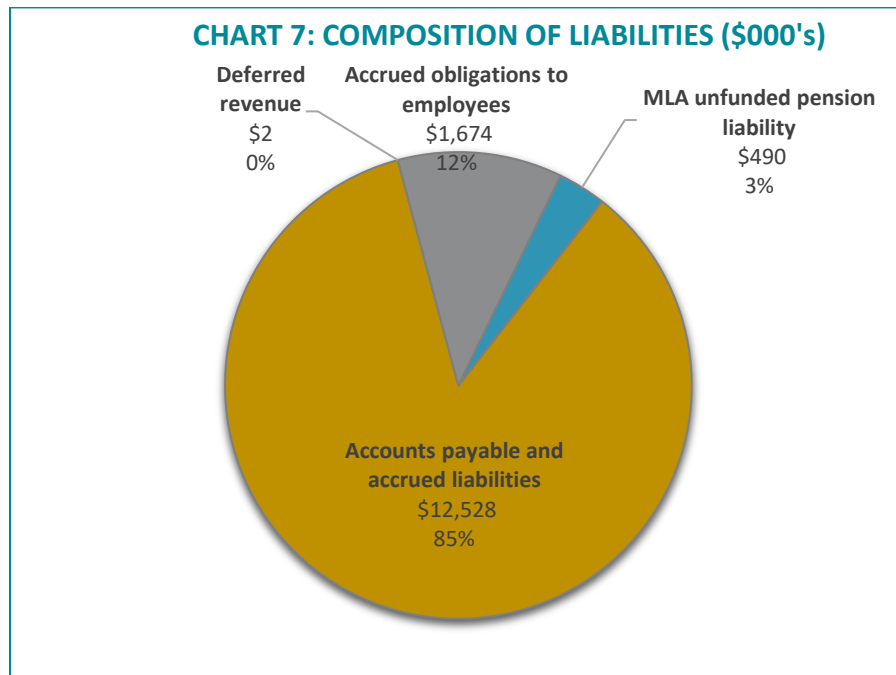
The Legislative Assembly’s most significant asset balance is Tangible Capital Assets. Capital spending was higher than amortization, disposals, and write-downs in 2022, resulting in a net increase of \$0.5 million to Tangible Capital Assets. Significant capital additions for 2022 are noted above (see chart 5) in the Capital Expenditures by Category section.



The Due from the Consolidated Revenue Fund (CRF) balance is equal to the sum of the Legislative Assembly’s liabilities, less its financial assets. It represents the net amount owed to the Legislative Assembly for expenses incurred for which Vote 1 appropriation funds had not yet been received. This balance fluctuates annually based on the changes in liabilities and financial assets.

The Legislative Assembly bank account is replenished by the Ministry of Finance throughout the year as payments are made and, therefore, it maintains a zero balance. The remainder of the Legislative Assembly’s assets are relatively minor and did not change significantly in 2022 as compared to 2021.

## Liabilities



The Accounts Payable and Accrued Liabilities balance increased by \$2.8 million in 2022. The majority of this increase is due to Members' constituency office carry-forward balances and timing differences for vendors, salaries, and benefits payable. (See note 5 in the Financial Statements.)

Former Members who meet the eligibility requirements for the Transitional Assistance allowance, described further in note 8 of the Financial Statements, are entitled to receive salary continuance payments for up to fifteen months. The fifteen-month period following the October 2020 provincial general election ended in January 2022. As a result, no Transitional Assistance liability was recorded in 2022.

Accrued Obligations to Employees is composed of the employee retirement allowance and the employee leave liability (e.g., accrued vacation entitlement). The year-over-year change for this category was minor at \$47 thousand.

The estimated present value of the Legislative Assembly's obligation to the Member of the Legislative Assembly Superannuation Account (Account), also known as the MLA Unfunded Pension Liability, decreased by \$0.2 million in 2022. As of March 31, 2022, two MLAs were eligible to receive a future pension benefit funded by the Account.

## Looking Ahead

Fiscal year 2022 continued to present unique organizational challenges to the Legislative Assembly. Ongoing fallout from the COVID-19 pandemic not only impacted 2022 results, but also served to influence subsequent-year budget estimates and areas of future investment.

This section provides a forecast of the future financial results of the Legislative Assembly. The tables and narrative below summarize actual results for the previous two years, the 2023 budget and forecasted results, and projected results for 2024 and 2025. The 2024 budget and 2025 projection reflect the Legislative Assembly's planned actions based on assumptions and estimates. Actual results may vary significantly from the information presented.

## Projected Operating Costs

The Legislative Assembly second-quarter financial forecast (April 1 to September 30, 2022) projected an underspend of its 2023 operating budget of \$3.4 million. Most of the forecasted underspend relates to constituency office network refresh cost capitalization and lower-than-anticipated Member salary inflation, lease costs, travel, unused contingencies, and higher dining room sales.

Key priority information technology investments planned for completion in 2022/23 include the replacement of network infrastructure at all Constituency Offices throughout the province as well as initiating efforts to further standardize technology offerings both at the Precinct and at Constituency Offices. A new service management toolset has been implemented to support the service excellence strategic goal with continued investment in cloud-based infrastructure and productivity tools to support efficient operations while improving the business continuity and disaster recovery posture.

The Legislative Assembly anticipates further savings within the operating expense categories will be identified following completion of its third-quarter financial forecast (April 1 to December 2022), which will be complete by late January 2023.

Projected expenses for 2024 and 2025 are expected to increase based on inflationary factors, security modernization, a new client services department, and enhanced constituency funding for planning and project execution, healthy workplace initiatives, and digital and IT infrastructure.

PROJECTED NET COST OF OPERATIONS (\$'000's)	Actual		Budget	Forecast (unaudited)	Projected	Projected
	2021	2022	2023		2024	2025
<b>Expenses</b>						
Members' Services	41,032	38,453	44,235	41,169	49,356	50,786
Caucus Support Services	8,003	8,231	8,478	8,623	9,056	9,271
Respectful Workplace Office	26	88	250	150	250	250
Administrative Support Services						
Office of the Speaker	435	270	346	346	365	364
Office of the Clerk	1,432	1,471	1,943	1,943	2,637	2,637
Clerk of Committees	502	1,281	1,248	1,315	1,589	1,588
Legislative Operations	16,819	20,148	23,098	22,772	25,673	25,673
Sergeant-at-Arms	5,199	6,594	6,476	6,504	9,255	9,254
Hansard Services	3,945	4,391	4,312	4,498	5,171	5,174
Legislative Library	2,200	2,214	2,406	2,387	2,651	2,652
	<b>79,593</b>	<b>83,141</b>	<b>92,792</b>	<b>89,707</b>	<b>106,003</b>	<b>107,649</b>

PROJECTED NET COST OF OPERATIONS (\$000's)	Actual		Budget	Forecast (unaudited)	Projected	Projected
	2021	2022	2023		2024	2025
<b>Revenues</b>						
Parliamentary Dining Room	170	505	710	920	997	997
Parliamentary Gift Shop	37	93	50	109	78	78
Constituency office allowance recoveries	1,438	283	-	-	-	-
Recovery of Prior Year's Expenses	11	-	-	-	-	-
Lease Revenue	70	70	49	51	49	49
Other miscellaneous revenue	1	1	-	-	-	-
	<b>1,727</b>	<b>952</b>	<b>809</b>	<b>1,080</b>	<b>1,124</b>	<b>1,124</b>
<b>Net cost of operations</b>	<b>77,866</b>	<b>82,189</b>	<b>91,983</b>	<b>88,627</b>	<b>104,879</b>	<b>106,525</b>

#### v2023 Forecast Assumptions

- Forecasted expenses for 2023 are based on department forecasts as at September 30, 2022.

#### 2024 and 2025 Projection Assumptions

- Projected expenses for 2024 and 2025 are from the approved Vote 1 budget submission to the 2023/24 Provincial Estimates. Submission available at: [Legislative-Assembly-Budget-Submission\\_2023-24.pdf](#)
- 2020 was an election year. The next scheduled election is to be 2024.
- Sitting days are expected to remain consistent at about 80 days per year.

## Projected Capital Purchases

The Legislative Assembly second-quarter financial forecast (April 1 to September 30, 2022) projected an underspend of its 2023 capital budget of \$2.4 million. The underspend is due to internal capacity challenges, market conditions, and supply chain challenges. Focus is now on completing safety and security capital projects previously approved which are at or nearing the request for proposal approval stage.

The Legislative Assembly anticipates further capital project savings will be identified following completion of its third-quarter financial forecast (April 1 to December 31, 2022), which will be complete by late January 2023. Projected capital expenditures for 2024 and 2025 are based on department projections for capital requirements and are for planning purposes only.

	Actual	Actual	Budget	Forecast	Projected	
(\$000's)	2021	2022	2023		2024	2025
<b>Capital Purchases</b>						
Furniture and Equipment	91	205	417	368	582	616
Computer Hardware and Software	1,510	813	1,989	2,100	2,376	1,893
Buildings	2,611	678	6,250	3,835	5,289	8,160
Vehicles	-	-	-	-	-	-
Specialized Equipment	502	706	817	742	1,079	476
<b>Total Capital Purchases</b>	<b>4,714</b>	<b>2,402</b>	<b>9,473</b>	<b>7,045</b>	<b>9,326</b>	<b>11,145</b>

### 2023 Capital Forecast Assumptions

- Forecasted expenditures for 2023 are based on department forecasts as at September 30, 2022.

### 2024 and 2025 Capital Projection Assumptions

- Projected capital purchases for 2024 and 2025 are from the approved Vote 1 budget submission to the 2022/23 Provincial *Estimates*. Submission available at: [Legislative-Assembly-Budget-Submission 2022-23.pdf](#)
- The Legislative Assembly is in the process of developing a Long-Term Capital Plan, which if approved would result in significant changes to the projected figures going forward. For 2024 and 2025, projected costs do not include budget estimates for major capital projects that have not reached a LAMC decision point, such as the Armouries Building, the Steam Plant, and environmental upgrades to the Parliament Buildings.

## Risk Management

The Legislative Assembly is subject to internal and external operational, financial, technological, facilities, and staffing risks. In response, the Legislative Assembly has established internal controls, policies, and processes to actively manage these risks through regular meetings of its Policy Working Group, Department Head Team, and Clerk's Leadership Group. The Subcommittee on Finance and Audit (SFA) of the Legislative Assembly Management Committee also receives regular updates from the Legislative Assembly's Clerk's Leadership Group on risk management activities.

The Legislative Assembly has formalized its enterprise risk management policy utilizing an organization-wide risk register. This work is currently in the development stage with plans for the risk register to be reviewed, discussed, and updated regularly by the Department Head Team. The Legislative Assembly has accepted all of the internal audit recommendations from a prior audit and is in the process of incorporating these recommendations into its enterprise risk management program. An enterprise risk register, together with an annual enterprise risk management report, will be presented to the SFA for review and consideration once the program is fully implemented, which is planned for 2023-24.



The Legislative Assembly will continue to monitor its risk exposure and will take action, where necessary, to mitigate the risk of not achieving its objectives and to responsibly manage taxpayers' resources.

## Business Continuity and Disaster Recovery

To evolve as a confident, resilient, and competent organization able to deliver critical services in a coherent manner when business as usual is interrupted, the Legislative Assembly has implemented a Business Continuity Management Program (BCMP). Departments adhere to the BCMP framework by reviewing, updating, and exercising their Business Impact Analysis and Business Continuity Workbooks on an annual basis, which roll up into one overarching Legislative Assembly Business Continuity Plan – all of which require executive approval and sign-off.

A prior internal audit identified the lack of a Disaster Recovery Plan within the organization. The Legislative Assembly hired Kyndryl Resiliency Consulting Services to provide a roadmap with recommended actions. The Legislative Assembly is in the process of actioning the recommended Disaster Recovery strategies, which focus on recovering critical information technology and telecommunications services after a disruption, ensuring critical business functions can continue within an acceptable period of time.

In 2023, the Legislative Assembly will have the capacity to begin expanding the Business Continuity Management Program to include Caucuses, constituency offices and their respective operations.