

2020-21

FINANCIAL STATEMENTS

November 2021



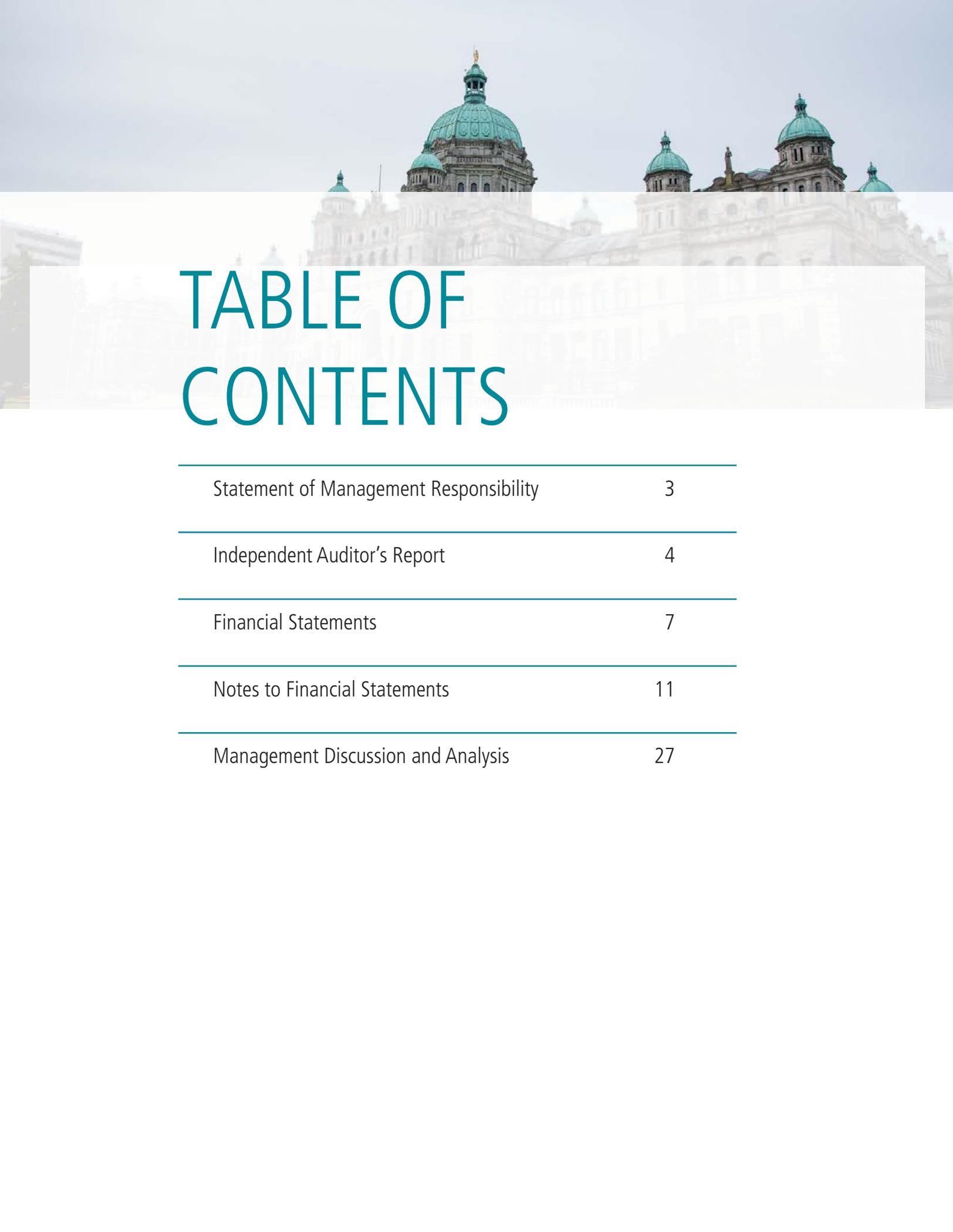


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Statement of Management Responsibility

For the Year Ended March 31, 2021

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 fulfills 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

Hilary Woodward, CPA, CA
Executive Financial Officer

Victoria, British Columbia
On the 17th day of November 2021



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, 2021, and the statements of operations and change in accumulated surplus, change 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, 2021, and the results of its operations, change in its net assets and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 breakdown). The other information 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 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.
- 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 the 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
November 17, 2021



Statement of Financial Position

As at March 31, 2021, with comparative information for March 31, 2020

<i>(in thousands of dollars)</i>	2021	2020
Financial assets		
Cash (note 3)	2	3
Accounts receivable (note 4)	83	72
Inventories held for sale	192	214
Due from the CRF (note 2d)	13,963	11,357
Total financial assets	14,240	11,646
Liabilities		
Accounts payable and accrued liabilities (note 5)	9,722	9,178
Deferred revenue	2	-
Accrued obligations to employees (note 6)	1,627	1,468
MLA unfunded pension liability (note 7b)	720	1,000
Transitional assistance (note 8)	2,169	-
Total liabilities	14,240	11,646
Net assets (note 2h)	-	-
Non-financial assets		
Tangible capital assets (note 11)	12,174	8,992
Prepaid expenses	1,573	997
Inventories held for use	108	123
Total non-financial assets	13,855	10,112
Accumulated surplus (note 15)	13,855	10,112

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

Authorized for issue on the 17th day of November 2021, on behalf of the Legislative Assembly Management Committee.

Hon. Raj Chouhan, Speaker

Hon. Mike Farnworth, Government House Leader

Peter Milobar, Official Opposition House Leader

Sonia Furstenu, Leader of the Third Party



Statement of Operations and Change in Accumulated Surplus

For the year ended March 31, 2021, with comparative information for 2020

<i>(in thousands of dollars)</i>	Budget	2021	2020
Expenses (note 14)			
Members' Services	41,583	41,032	39,258
Respectful Workplace Office	250	26	-
Caucus Support Services	8,204	8,003	7,882
Office of the Speaker	504	435	436
Office of the Clerk	1,181	1,432	1,053
Clerk of Committees	982	502	877
Legislative Operations	20,069	16,819	15,484
Sergeant-at-Arms	6,594	5,199	6,320
Hansard Services	4,084	3,945	3,793
Legislative Library	2,360	2,200	2,090
Total expenses	85,811	79,593	77,193
Revenues			
Miscellaneous revenue (note 13)	797	1,727	861
Total revenues	797	1,727	861
Net cost of operations	85,014	77,866	76,332
Government funding			
Appropriation - operating (note 12)	85,014	76,895	74,942
Appropriation - capital (note 12)	5,950	4,714	3,401
Total government funding	90,964	81,609	78,343
Annual surplus	-	3,743	2,011
Accumulated surplus - beginning of year	-	10,112	8,101
Accumulated surplus - end of year (note 15)	-	13,855	10,112

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



Statement of Change in Net Assets

For the year ended March 31, 2021, with comparative information for 2020

<i>(in thousands of dollars)</i>	2021	2020
Net assets - beginning of year <i>(note 2h)</i>	-	-
Annual (surplus) deficit	(3,743)	(2,011)
Change due to tangible capital assets		
Acquisition of tangible capital assets	4,714	3,401
Loss on disposal of tangible capital assets	-	2
Write down of work-in-progress balance	(86)	-
Amortization of tangible capital assets	(1,446)	(1,344)
Total change due to tangible capital assets	3,182	2,059
Acquisition of inventories held for use	47	77
Acquisition of prepaid expenses	1,578	1,189
Consumption of inventories held for use	(61)	(60)
Use of prepaid expenses	(1,003)	(1,254)
Increase (decrease) in net assets	-	-
Net assets – end of year <i>(note 2h)</i>	-	-

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



Statement of Cash Flow

For the year ended March 31, 2021, with comparative information for 2020

<i>(in thousands of dollars)</i>	2021	2020
Operating activities		
Annual surplus (deficit)	3,743	2,011
Items not involving cash:		
Amortization of tangible capital assets	1,446	1,344
Loss on disposal of tangible capital assets	-	2
Write down of work-in-progress balance	86	-
Change in non-cash working capital:		
Decrease in accounts receivable	(11)	(38)
Decrease (increase) in inventories held for sale	22	(38)
Increase in due from the CRF	(2,607)	(327)
Increase in accounts payable and accrued liabilities	544	715
Increase in deferred revenue	2	-
Increase (decrease) in accrued obligations to employees	159	(214)
Decrease in MLA unfunded pension liability	(280)	(100)
Increase (decrease) in transitional assistance	2,169	-
Decrease (increase) in inventories held for use	15	(17)
Decrease (increase) in prepaid expenses	(575)	63
<i>Net change in cash from operating activities</i>	4,713	3,401
Capital activities		
Cash used to acquire tangible capital assets	(4,714)	(3,401)
<i>Net change in cash from capital activities</i>	(4,714)	(3,401)
Financing activities		
None	-	-
<i>Net change in cash from financing activities</i>	-	-
Net change in cash	(1)	-
Cash, beginning of year	3	3
Cash, end of year	2	3

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



Notes to the Financial Statements

For the year ended March 31, 2021

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, 2021.

(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 includes 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:

Asset Class	Useful life	Threshold
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. TCAs 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 TCAs 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 trusteed 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>	2021	2020
Petty cash	2	3
Bank balance	-	-
Total	2	3

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>	2021	2020
Accounts receivable	61	47
Due from constituency offices	22	25
Total	83	72

The majority of the Legislative Assembly's receivables are due from Members' constituency offices or relate to photocopy services contract. 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>	2021	2020
Accounts payable and accrued liabilities	2,700	2,422
Due to constituency offices	5,026	4,913
Salaries and benefits payable	1,865	1,716
Unreleased minister salary holdbacks	131	127
Total	9,722	9,178

(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. This balance also includes amount owed to various ministries for the remaining 10% ministerial salary holdback recovered but not released due to collective targets not being met. See note (d) below.

(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. Thirteen days of unpaid work was accrued as at March 31, 2021.

(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 collective and individual 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 individual targets for fiscal 2021 but not their collective targets and, therefore, received half of their ministerial salary holdback (10%) in August 2021. As a result the remaining 10% holdback is owed back to the various ministries as noted above – see note (a).

6. Accrued Obligations to Employees

<i>(in thousands of dollars)</i>	2021	2020
Employee leave liability	1,028	935
Employee retirement allowance	599	533
Total	1,627	1,468

(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, 2021, 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 four former employees, totaling \$58 thousand, were made in fiscal 2021 (payments totaling \$67 thousand were made to eight former employees in fiscal 2020). The four former employees who received a retirement allowance payment during the year had an average contributory service of 21 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, 2020, the Plan had about 67 thousand active members and approximately 51 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 \$2.6 million for employer contributions to the Plan in fiscal 2021 (\$2.5 million in fiscal 2020). 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 2021 (\$4.5 million in fiscal 2020). 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 \$313 thousand was transferred from the Account to the Plan. Two Members began receiving their pension in fiscal 2021 (none in fiscal 2020).

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 \$870 thousand to the B.C. Public Service Pension Plan. There is \$150 thousand in the Account to cover this required funding so the net liability of the Legislative Assembly is \$720 thousand (\$1.0 million in fiscal 2020).

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, \$1.1 million in transitional assistance (not including benefits) was paid to former Members during fiscal 2021 (nil in fiscal 2020).

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 2021, a total of \$23 thousand (nil in fiscal 2020) in career retraining expenses was reimbursed to six former Members (nil in fiscal 2020).

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>	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Office leases	4,568	4,530	4,551	2,966	-	16,615
Service contracts	1,764	847	726	392	-	3,729
Office and other equipment	33	-	-	-	-	33
Other – capital projects	472	-	-	-	-	472
Total	6,837	5,377	5,277	3,358	-	20,849

11. Tangible Capital Assets

(a) Tangible Capital Asset Schedule - March 31, 2021

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

(b) Tangible Capital Asset Schedule - March 31, 2020

<i>(in thousands of dollars)</i>	Buildings	Furniture and Equipment	Specialized Equipment	Vehicles	Computer Hardware and Software	Work in Progress	2020 Total
Cost							
Opening Balance	5,085	4,141	5,325	67	6,967	1,545	23,130
Additions	-	158	455	-	195	2,593	3,401
Disposals	-	-	-	-	(2)	-	(2)
Transfers	2,872	-	697	-	44	(3,613)	-
Write-Downs	-	-	-	-	-	-	-
Closing Balance	7,957	4,299	6,477	67	7,204	525	26,529
Accumulated Amortization							
Opening Balance	(2,651)	(3,766)	(4,288)	(32)	(5,458)	-	(16,195)
Amortization	(97)	(135)	(390)	(10)	(712)	-	(1,344)
Disposals	-	-	-	-	2	-	2
Write-Downs	-	-	-	-	-	-	-
Closing Balance	(2,748)	(3,901)	(4,678)	(42)	(6,168)	-	(17,537)
Net Book Value	5,209	398	1,799	25	1,036	525	8,992

(c) Work in progress

Assets under construction totaling approximately \$3 million (\$0.5 million at March 31, 2020) 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 \$85.0 million (\$83.0 million in fiscal 2020) is net of \$0.8 million (\$0.8 million in fiscal 2020) 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>	Operating	2021 Capital	Total	Operating	2020 Capital	Total
Appropriations	85,014	5,950	90,964	83,015	6,174	89,189
Net cost of operations	(77,866)	-	(77,866)	(76,332)	-	(76,332)
Capital acquisitions	-	(4,714)	(4,714)	-	(3,401)	(3,401)
Unused Appropriations	7,148	1,236	8,384	6,683	2,773	9,456

13. Miscellaneous Revenue

<i>(in thousands of dollars)</i>	Budget	Actual	
	2021	2021	2020
Parliamentary Dining Room	599	170	600
Parliamentary Gift Shop	130	37	152
Recovery of prior year's expenses	-	11	34
Constituency Office Allowance recoveries	-	1,438	-
Lease revenue	68	70	73
Other miscellaneous revenue	-	1	2
Total	797	1,727	861

(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. During fiscal 2021 both the Parliamentary Dining Room and the Parliamentary Gift Shop were closed to the public due to security and public health considerations resulting from the COVID-19 (coronavirus) pandemic. From July 16, 2020 to October 2, 2020 the Parliamentary Gift Shop temporarily relocated their operations to the kiosk located on the Precinct grounds.

(b) Recovery of prior year's expenses

In fiscal 2021, \$11 thousand (\$34 thousand in fiscal 2020) 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. As a result of the provincial general election in October 2020, unspent funds totaling \$1.4 million were recovered from non-returning Members.

(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>	Budget	Actual	
	2021	2021	2020
Salaries and benefits	48,328	43,931	43,776
Members' allowances and expenses	21,726	23,283	20,928
Operating expenses	13,433	10,769	10,726
Amortization expense	1,850	1,446	1,344
Cost of goods sold	454	164	419
Other expenses	20	-	-
Total	85,811	79,593	77,193

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 \$30 thousand (\$116 thousand in 2020), the cost of food and beverages sold in the Parliamentary Dining Room totaling \$75 thousand (\$243 thousand in 2020), and the cost of educational resources distributed totaling \$59 thousand (\$60 thousand in 2020).

c) Other expenses

Other expenses represent grants budgeted but not awarded.

15. Accumulated Surplus

<i>(in thousands of dollars)</i>	2021	2020
Accumulated surplus - beginning of year	10,112	8,101
Acquisition of tangible capital assets	4,714	3,401
Loss on disposal of tangible capital assets	-	2
Write down of work-in-progress balance	(86)	-
Amortization of tangible capital assets	(1,446)	(1,344)
Acquisition of inventories held for use	47	77
Acquisition of prepaid expenses	1,578	1,189
Consumption of inventories held for use	(61)	(60)
Use of prepaid expenses	(1,003)	(1,254)
Annual surplus	3,743	2,011
Accumulated surplus - end of year	13,855	10,112

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.

18. Subsequent Events

The Collective Agreement between the BC NDP MLAs (Constituency Assistants) and the B.C. Government and Service Employees Union (BCGEU) expired on June 30, 2020. Bargaining for a new agreement began in September 2020 and a new Collective Agreement was ratified on October 6, 2021. The new agreement is retroactively effective to July 1, 2020 including retroactive salary increases for constituency assistants employed during that period.

Management Discussion and Analysis

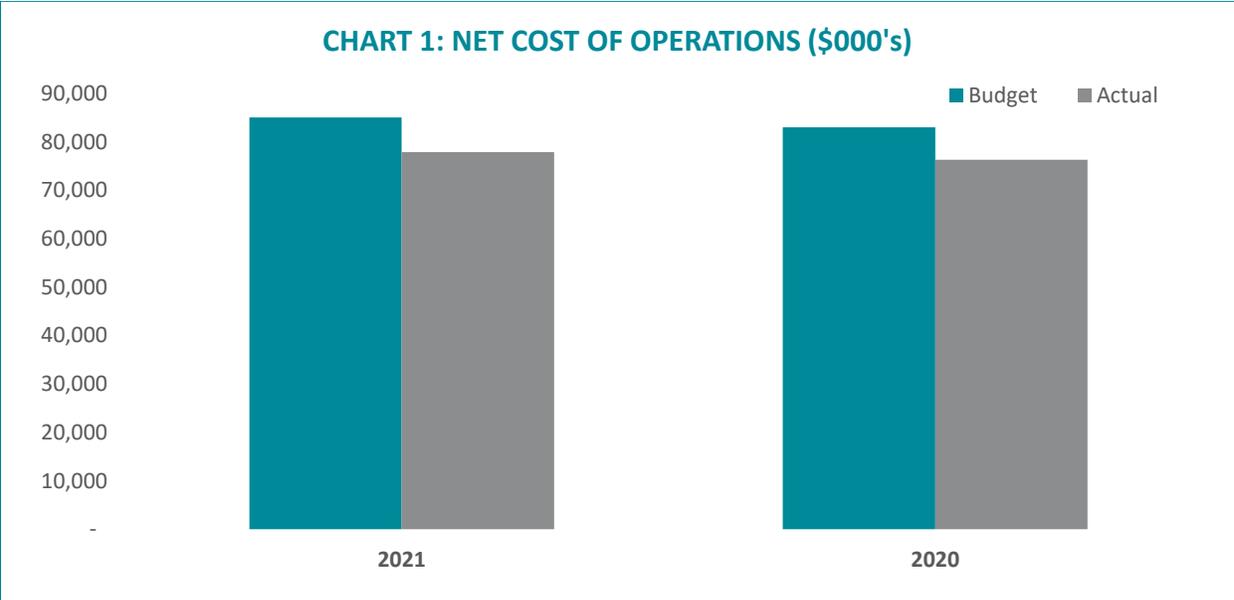
For the year ended March 31, 2021

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 2021 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, 2021. 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.

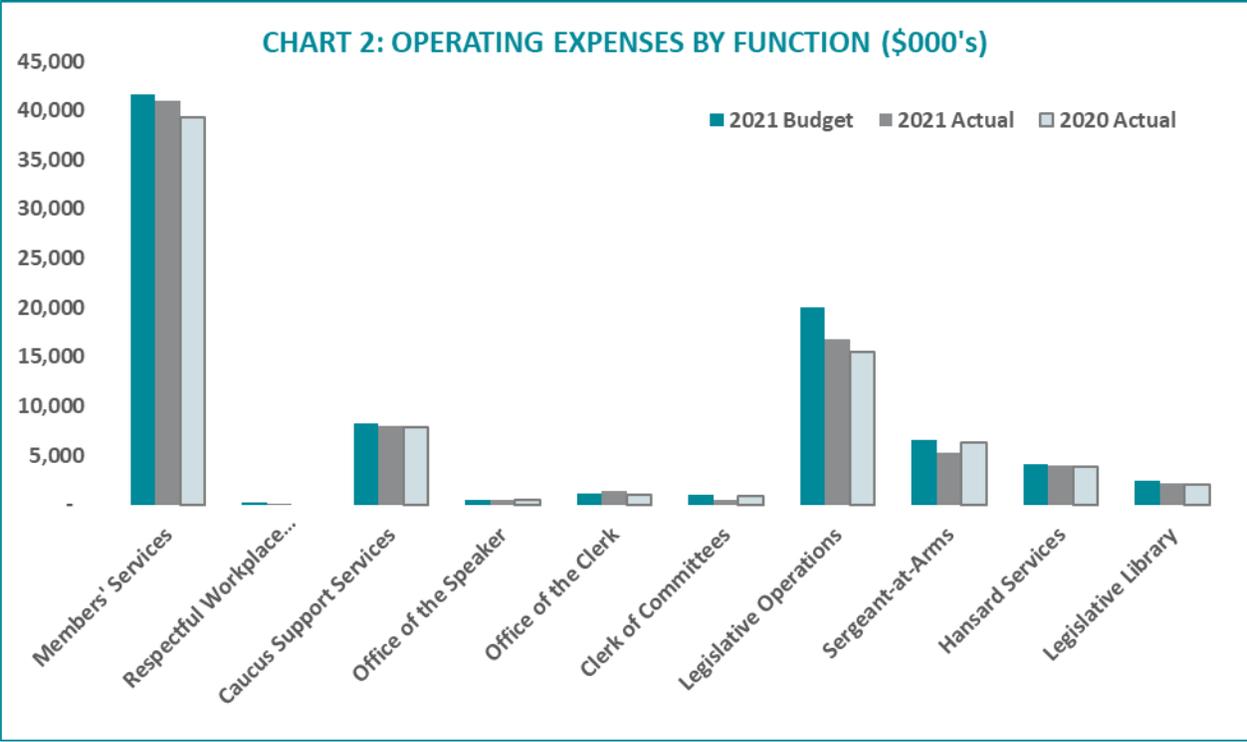
Financial Results

The Legislative Assembly’s net cost of operations (expenses less revenues) for 2021 was \$77.9 million, which was \$7.1 million lower than the budget of \$85.0 million and \$1.5 million higher than actual spending in 2020 (see Chart 1). The Legislative Assembly incurred \$4.7 million in capital expenditures, representing an increase of \$1.3 million in comparison to 2020 and an under-spend of \$1.3 million in comparison to the budget of \$6.0 million.



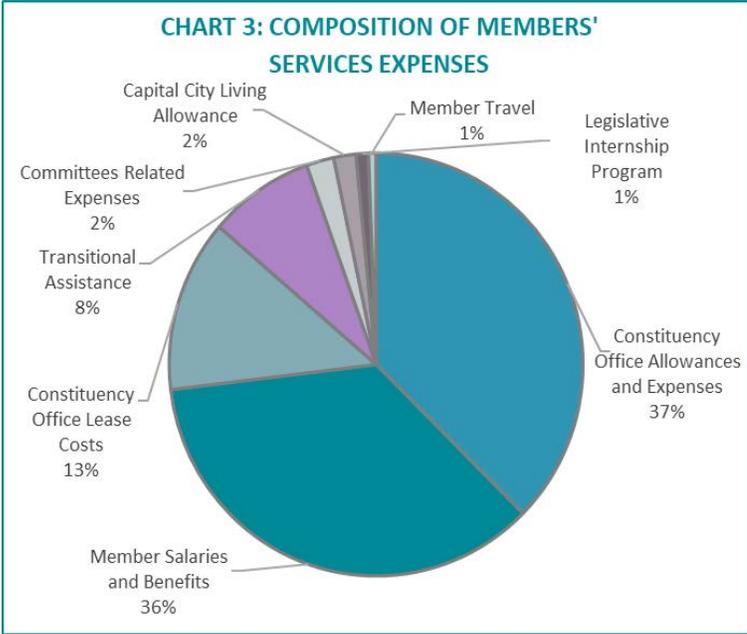
Operating Expenses by Function

Total 2021 operating expenses were \$79.6 million, an increase of \$2.4 million from the \$77.2 million spent in 2020, and \$6.2 million less than budgeted. Expenses were lower than budgeted in most areas, but primarily in Legislative Operations and the Sergeant-at-Arms (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 37%, followed by Members' salaries and benefits at 36%. Constituency office allowances and expenses includes the annual per office constituency office allowance of \$144,700 (\$140,500 in 2020) 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 13% of the Members' Services total.



Members' Services expenses were budgeted to be \$41.6 million. Actual expenses were \$41.0 million in 2021 (\$39.3 million in 2020) and were \$0.6 million lower than budget. The net under-spend was primarily a result of savings in Member travel and accommodation costs and reduced Parliamentary Committee activity due to COVID-19, lower than budgeted constituency costs, and lower than budgeted Member compensation. These savings were partially offset by

increases in constituency office lease costs, and transitional assistance payments made to non-returning Members following the unexpected 2020 provincial general election.

- Lower than budgeted Member salary and benefit costs as a result of a LAMC decision to freeze Member compensation at 2019/20 rates, fewer than budgeted Members with additional salaried positions, and lower than budgeted overall benefit costs (\$1.2 million).
- Lower than budgeted Member travel (both in-province and out-of-province) due to travel restrictions resulting from COVID-19 (\$1.6 million).
- Lower than budgeted costs incurred for Member smart phone costs, capital city living allowance and legal costs (\$0.7 million).
- Lower than budgeted costs for Parliamentary Committee related costs due to travel restrictions resulting from COVID-19 (\$0.7 million).
- Higher than budgeted lease costs in constituency offices following the 2020 provincial general election (\$0.2 million)
- Transitional payments to non-returning Members following the 2020 provincial general election (\$3.4 million, of which \$2.2 million was accrued as at March 31, 2021).

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 \$0.2 million under budget in 2021. The underspend was primarily a result of unfilled vacancies, savings in travel and advertising and publications, and operational efficiencies.

Office of the Clerk expenses were \$0.3 million higher than budget in 2021 due to an organizational restructuring and higher than budgeted organizational legal expenses. The resulting overage was partially offset by savings in travel, professional services and office and business expenses.

Legislative Operations expenses were \$3.2 million under budget in 2021 as a result of operational savings, unfilled staff positions, lower than expected amortization costs due to capital projects not proceeding, significantly reduced travel, and unspent contingency funds. These savings were offset in part by election transition costs resulting from the October 2020 general provincial election, and significant investments to upgrade and replace outdated information technology hardware and systems to address identified vulnerabilities following the November 2020 network outage.

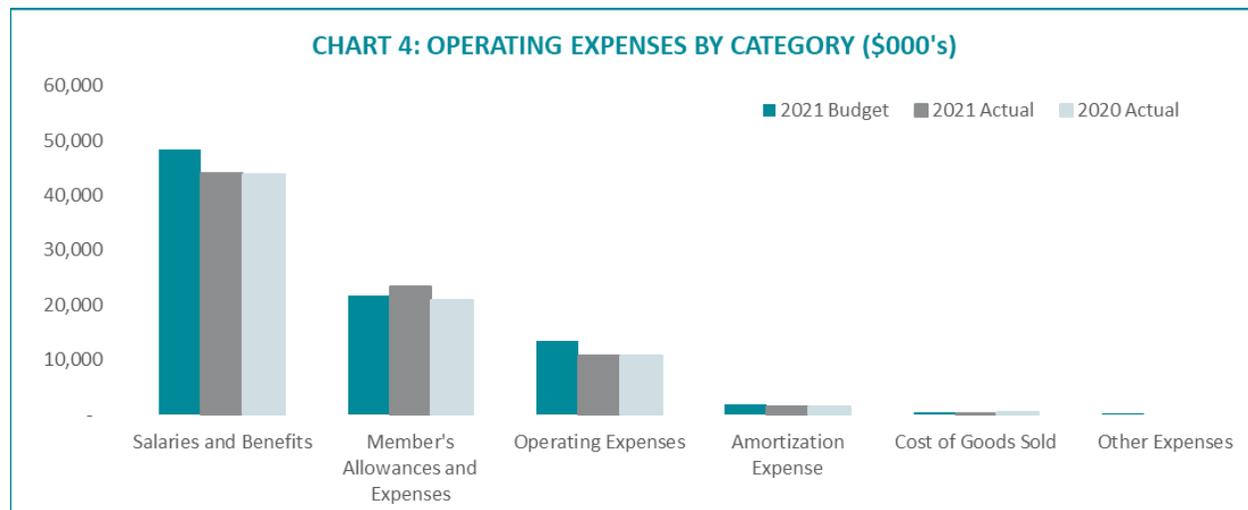
In 2021, the Legislative Assembly invested in a series of structural information technology upgrades including a refresh of the precinct onsite server data back-up environment and processes, a migration of office collaboration tools to the cloud to better support mobile work; a modernization and replacement 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 \$1.4 million under budget in 2021 as a result of operational savings, unfilled staff positions, significantly reduced travel, and unspent contingency funds.

Variances compared to the budget and 2021 were insignificant for all other departments.

Operating Expenses by Category

The Legislative Assembly’s most significant expense category is Salaries and Benefits, accounting for 55% of the Legislative Assembly’s total expenses, followed by Members’ Allowances and Expenses at 29% (see Chart 4). The Salaries and Benefits category includes Members’ salaries and benefits.



Actual Assembly Salaries and Benefits remained relatively unchanged as compared to 2020. Salaries and Benefits were \$4.3 million lower than budget as a result of a LAMC decision to freeze Member compensation at 2019/20 rates, fewer than budgeted MLAs with additional salaried positions, the cessation of Members’ additional salaries and lower parliamentary committee activity during the election period, temporarily vacant positions, lower-than-expected benefit costs and staff on long term disability.

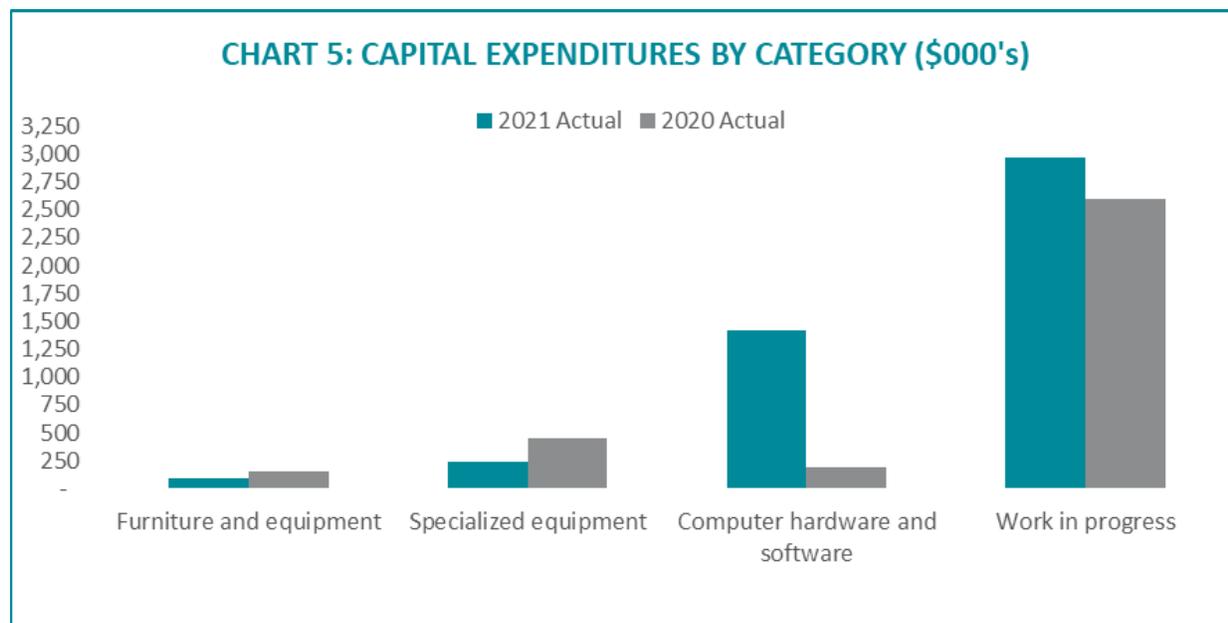
Members’ Allowances and Expenses, which includes the annual constituency office allowance, increased by \$2.3 million compared to 2020 and was \$1.6 million over budget. This expense category was over budget primarily due to \$3.4 million in transitional assistance allowance payments made to former Members following the 2020 general provincial election, offset by 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 \$43 thousand higher than 2020, and \$2.7 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, unspent contingency funds and reduced recoveries. The under-spend was partially offset by election related costs, such as the Member, Caucus and constituency office information technology equipment refresh, investments in information systems technology following the November 2020 network outage, and higher-than-expected expenses for legal matters requiring assistance from external counsel.

Amortization expense was \$404 thousand under budget due to lower-than-expected capital purchases during the year and delays in capital construction project completion schedules.

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 2020, capital spending was higher in 2021 by \$1.3 million. Significant capital additions during 2021 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.

Expenditures Directly Relating to the Election

The provincial general election occurred on October 20, 2020. The Legislative Assembly incurs additional operating and capital costs during election years, which have been grouped into four categories.

The most significant cost directly relating to the election is transitional assistance payments to former Members. This allowance is discussed further in note 8 of the Financial Statements. The number of Members requiring transitional assistance is driven by the election results. A total of 27 Members received full or reduced transitional assistance payments.

During election years, the Legislative Assembly provides additional allowances and support to Members to help them establish their constituency offices, including new leases and lease consulting services, the constituency office start-up allowance, moving costs, IT support costs, personalized stationery, and training for constituency assistants.

Following an election, there are often a number of office moves within the Parliament Buildings. Newly elected Members are also provided with an allowance to purchase furniture and equipment for their constituency offices.

Finally, the Legislative Assembly schedules its lifecycle replacements of computers and mobile devices for Members. Caucuses and constituency offices to coincide with the election. The refresh began immediately following the election, and will continue into 2022.

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 \$0.2 million was generated by these operations in 2021 (\$0.8 million in 2020). The year-over-year decline in revenues was a direct result of the closure of the Parliament Buildings to the general public as a result of 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.

Any unspent portion of the Member's constituency 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. Following the provincial general election held in October 2020, a total of \$1.4 million in constituency allowance carryforward was recovered and recorded as miscellaneous revenue in 2021.

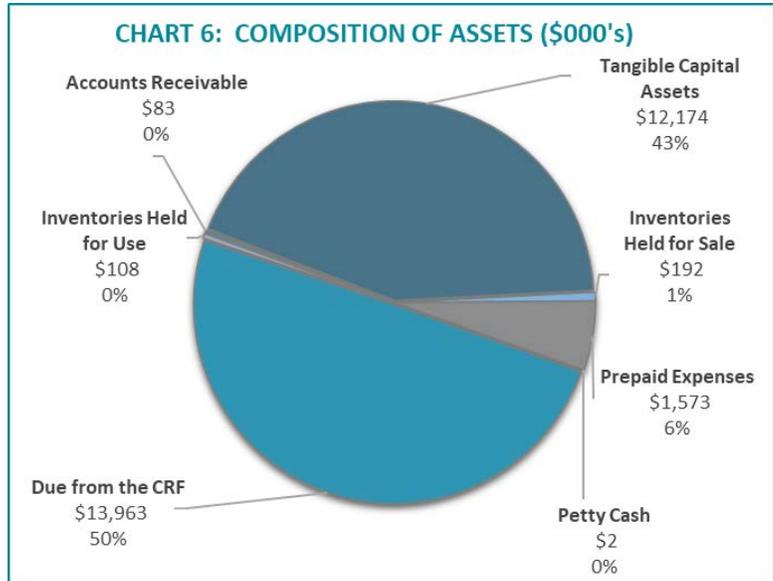
Financial Position

Assets

The Legislative Assembly's most significant asset balance is Tangible Capital Assets. Capital spending was higher than amortization, disposals, and write-downs in 2021, resulting in a net increase of \$3.2 million to Tangible Capital Assets. Significant capital additions for 2021 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 2021 as compared to 2020.



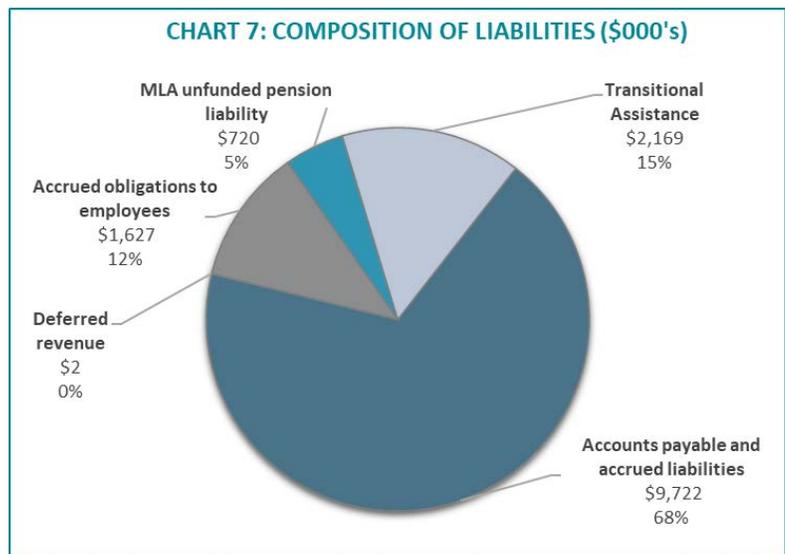
Liabilities

The Accounts Payable and Accrued Liabilities balance increased by \$0.5 million in 2021. The majority of this increase is due to Members’ constituency office carry-forward balances and timing differences for 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 ends in January 2022. As a result, a Transitional Assistance liability was recorded in 2021 for the estimated amounts owing to those former Members still receiving the allowance to January 2022. As this liability only occurs following an election, there was no comparable liability recorded in previous year.

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 \$0.2 million, resulting from slight increases for both categories.

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 \$0.3 million in 2021. As of March 31, 2021, two MLAs were eligible to receive a future pension benefit funded by the Account.

Looking Ahead

Fiscal year 2021 presented unique organizational challenges to the Legislative Assembly. The COVID-19 pandemic, coupled with the November 2020 network outage, not only impacted 2021 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 2022 budget and forecasted results, and projected results for 2023 and 2024. The 2023 budget and 2024 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 first quarter financial forecast (April 1 to June 30, 2021) projected an overspend of its 2022 operating budget of \$1.2 million. The majority of the forecasted overspend relates primarily to continued investments to address the sustainability of the Legislative Assembly's information technology infrastructure (\$2.0 million), completion of the roll-out of the information technology equipment refresh to constituency offices following the October 2020 provincial general election, and higher-than-expected expenses for legal matters requiring assistance from external counsel.

Key priority information technology investments planned for 2022 include service improvements to constituency office network infrastructure, enhanced sustainability improvements and response to recent cybersecurity audits, continued investment in Cloud-based productivity tools licenses and enhanced records management, constituency office to Legislative Precinct network upgrades; client relationship management assessments, and additional skills & staff to support technology changes and increased service levels.

The projected first quarter overspend is partially offset by contingencies set aside in the centralized budget and forecasted savings within Administrative Support Services primarily due to unfilled vacancies, lower than budgeted benefit costs, reduced programing, services and travel.

The Legislative Assembly anticipates further savings within the expense categories will be identified to offset the projected overspend following completion of its second quarter financial forecast (April 1 to September 30, 2021), which will be complete by late October 2021.

Projected expenses for 2023 and 2024 are expected to increase slightly for inflation.

PROJECTED NET COST OF OPERATIONS (\$000's)	Actual		Budget	Forecast (unaudited)	Projected	Projected
	2020	2021	2022		2023	2024
Expenses						
Members' Services	39,258	41,032	40,644	40,618	40,646	40,646
Caucus Support Services	7,882	8,003	8,190	8,190	8,325	8,462
Respectful Workplace Office	-	26	250	250	250	250
Administrative Support Services						
Office of the Speaker	436	435	425	407	426	426
Office of the Clerk	1,053	1,432	1,438	1,488	1,437	1,437
Clerk of Committees	877	502	1,393	1,393	1,393	1,393
Legislative Operations	15,484	16,819	21,076	22,914	21,074	21,074
Sergeant-at-Arms	6,320	5,199	6,380	6,092	6,381	6,381
Hansard Services	3,793	3,945	3,967	3,931	3,967	3,967
Legislative Library	2,090	2,200	2,299	2,299	2,300	2,300
	77,193	79,593	86,062	87,582	86,199	86,336
Revenues						
Parliamentary Dining Room	600	170	360	271	360	360
Parliamentary Gift Shop	152	37	34	34	34	34
Constituency office allowance recoveries	-	1,438	-	-	-	-
Recovery of Prior Year's Expenses	34	11	-	-	-	-
Lease Revenue	73	70	70	72	70	70
Other miscellaneous revenue	2	1	2	-	-	-
	861	1,727	466	377	464	464
Net cost of operations	76,332	77,866	85,596	87,205	85,735	85,872

2022 Forecast Assumptions

- Forecasted expenses for 2022 are based on department forecasts as at June 30, 2021.

2023 and 2024 Projection Assumptions

- Projected expenses for 2023 and 2024 are from the approved Vote 1 budget submission to the 2021/22 Provincial Estimates. Submission available at: [Legislative-Assembly-Budget-Submission 2021-22.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 first quarter financial forecast (April 1 to June 30, 2021) projected an underspend of its 2022 capital budget of \$57 thousand.

The Legislative Assembly anticipates further savings will be identified following completion of its second quarter financial forecast (April 1 to September 30, 2021), which will be complete by late October 2021.

Projected capital expenditures for 2023 and 2024 are based on department projections for capital requirements and are for planning purposes only. The Legislative Assembly is currently in the process of developing a long-term capital redevelopment plan, which if approved would result in significant changes to the projected figures going forward.

PROJECTED CAPITAL PURCHASES	Actual	Actual	Budget	Forecast	Projected	
(\$000's)	2020	2021	2022		2023	2024
Capital Purchases						
Furniture and Equipment	158	91	319	262	235	235
Computer Hardware and Software	239	1,510	1,609	1,600	330	195
Buildings	1,953	2,611	3,690	3,690	400	400
Vehicles	-	-	-	-	-	-
Specialized Equipment	1,051	502	691	700	63	58
Total Capital Purchases	3,401	4,714	6,309	6,252	1,028	888

2022 Capital Forecast Assumptions

- Forecasted expenditures for 2022 are based on department forecasts as at June 30, 2021.

2023 and 2024 Capital Projection Assumptions

- Projected capital purchases for 2023 and 2024 are from the approved Vote 1 budget submission to the 2021/22 Provincial *Estimates*. Submission available at: [Legislative-Assembly-Budget-Submission 2021-22.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.

Risk Management

Like other organizations, the Legislative Assembly is subject to various operational, financial, technological, facilities, and staffing risks. In response, the Legislative Assembly has established internal controls, policies, and processes to assist in mitigating these risks and is actively managing 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 reports from the Legislative Assembly's Clerk's Leadership Group on all areas of risk management.

The Legislative Assembly has formalized its enterprise risk management policy utilizing an organization-wide risk register. The risk register is reviewed, discussed, and updated regularly by the Department Heads. In June 2021, an internal audit of the Legislative Assembly's enterprise risk management program was undertaken. The Legislative Assembly has accepted all of the internal audit recommendations and is in the process of incorporating the recommendations received into its enterprise risk management program. An updated risk register, together with a risk summary annual report, will be presented to the Finance and Audit Committee for review and consideration.

Business Continuity and Disaster Recovery

To ensure safety, continuity of government, and the provision and recovery of critical services following a range of disaster scenarios or disruptions, the Legislative Assembly has implemented departmental business continuity plans in support of its organization-wide Business Continuity Plan program. These plans are reviewed and tested on a regular basis. Planned organization-wide table-top exercises for 2021 were temporarily suspended pending the return to work of all Assembly staff following COVID-19.

The Legislative Assembly is currently in the process of developing its Disaster Planning Recovery component of the Program. This phase of the Program will involve the creation of disaster recovery plans for all areas, in order to identify and support return to full activity with minimal operational impact to each area. In 2022, the Legislative Assembly will be expanding the Program to include Caucuses, constituency offices and their respective operations.

During the period January to March 2021, the Legislative Assembly conducted a lessons learned report on the activation of the COVID-19 pandemic plan and the November 2020 network outage in order to identify and address opportunities for improvement in its Business Continuity Plan program. Immediately following the network outage, the Legislative Assembly partnered with government and external resources to investigate the network outage and undertake a comprehensive review of the Assembly's information technology infrastructure, systems, and processes. The critical IT infrastructure investments required, which began in 2021 and will continue into 2022, include significant life cycle investments in critical IT systems, assets, and infrastructure.

The Business Continuity Program is scheduled for internal audit in 2022. All resulting audit recommendations will be considered for incorporation into the program area.