



Legislative Assembly Management Committee

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# ACCOUNTABILITY REPORT 2019-20

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June 2021



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# MESSAGE FROM THE SPEAKER

June 2021

To the Honourable Legislative Assembly of the Province of British Columbia

Honourable Members:

I am honoured to have been elected by the Members of the Legislative Assembly to serve as Speaker in the 42nd Parliament.

As Speaker, I also serve as Chair of the Legislative Assembly Management Committee. In this capacity, I have the honour to present the Committee's Accountability Report for the 2019-20 fiscal year. This report provides the Legislative Assembly's 2019-20 financial statements and activities as well as the Committee's 2019-20 decisions.

As we begin this new Parliament, I look forward to working with other Committee Members to ensure that all Members have the tools and resources they require to fulfil their roles as British Columbia's elected representatives and that the Legislative Assembly's administrative and financial management meets the highest standards of fiscal responsibility and accountability.

Respectfully submitted on behalf of the Committee,

Honourable Raj Chouhan  
Speaker of the Legislative Assembly



# MESSAGE FROM THE CLERK

June 2021

In the 41st Parliament, the Legislative Assembly Management Committee launched reforms to the Legislative Assembly's administrative policies and financial controls and strengthened its governance and oversight of Assembly operations.

In March 2020, initial COVID-19 safety measures were implemented to protect Members, their staff and Legislative Assembly employees and new technologies were developed to enable Members to continue fulfilling their legislative functions during the COVID-19 pandemic. Further efforts to support the Legislative Assembly during the pandemic transformed the organization in the months that followed.

I am proud to lead an exceptional team of Legislative Assembly employees. We look forward to supporting the Committee's important work and ensuring that all Members of the Legislative Assembly have the resources and tools they need to serve British Columbians in the 42nd Parliament.

Respectfully submitted,

Kate Ryan-Lloyd  
Clerk of the Legislative Assembly



# FINANCIAL AND OPERATIONAL UPDATES 2019-20



COVID-19 Safety  
Measures



Governance and  
Oversight



Reformed Policies  
and Controls



Digital and  
Information Resources



Improved Workplace  
Culture



Renewed  
Administrative  
Leadership

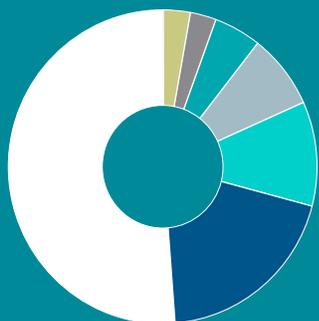


Enhanced Procedural  
Support



Environmental  
Sustainability

BUDGETED NET COST OF OPERATIONS:  
\$83 MILLION



- Members' Services
- Legislative Operations
- Caucus Support Services
- Office of the Speaker, Office of the Clerk, and Clerk of Committees
- Hansard Services
- Sergeant-at-Arms
- Legislative Library



Over 220,000

Visitors to the Parliament Buildings



Over 78,000

Guided Tour Participants

87 Members of the  
Legislative Assembly

60 Sitting Days

47 Bills Adopted

13 Active Parliamentary  
Committees



# LEGISLATIVE ASSEMBLY MANAGEMENT COMMITTEE

## MEMBERS (AS OF DECEMBER 7, 2020)

Hon. Raj Chouhan, MLA, Burnaby-Edmonds  
Speaker and Chair

Michele Babchuk, MLA, North Island  
Deputy Government Whip

Garry Begg, MLA, Surrey-Guildford  
Government Whip

Stephanie Cadieux, MLA, Surrey South  
Official Opposition Caucus Chair

Bob D'Eith, MLA, Maple Ridge-Mission  
Government Caucus Chair

Hon. Mike Farnworth, MLA, Port Coquitlam  
Government House Leader

Sonia Furstenu, MLA, Cowichan Valley  
Leader of the Third Party

Peter Milobar, MLA, Kamloops-North Thompson  
Official Opposition House Leader

## CLERK'S LEADERSHIP GROUP

Kate Ryan-Lloyd, Clerk of the Legislative Assembly

Jamie Hanly, Chief Human Resources Officer

S. Suzie Seo, Law Clerk and Parliamentary Counsel

Artour Sogomonian, Clerk Assistant, Parliamentary  
Services

Andrew Spence, Chief Information Officer

Hilary Woodward, Executive Financial Officer

## MEMBERS (2019-20)

Hon. Darryl Plecas, MLA, Abbotsford South  
Speaker and Chair

Garry Begg, MLA, Surrey-Guildford  
Government Whip

Jagrup Brar, MLA, Surrey-Fleetwood  
Government Caucus Chair

Hon. Mike Farnworth, MLA, Port Coquitlam  
Government House Leader

Sonia Furstenu, MLA, Cowichan Valley  
Third Party House Leader

Mary Polak, MLA, Langley  
Official Opposition House Leader

Janet Routledge, MLA, Burnaby North  
Deputy Government Whip

Jackie Tegart, MLA, Fraser-Nicola  
Official Opposiiton Caucus Chair

The background of the top half of the page is a photograph of the British Columbia Parliament Building in Victoria, featuring its prominent green copper domes and classical architectural style. The image is slightly faded and serves as a backdrop for the title.

# 2019-20

# YEAR IN REVIEW

British Columbians are living in unprecedented times. At the close of the 2019-20 fiscal year, the COVID-19 pandemic changed our lives, our communities and our workplaces. To maintain its essential services on behalf of British Columbians, the Legislative Assembly and its Members altered the way they meet in order to consider legislation and spending proposals and hold government to account.

In these challenging times, the Legislative Assembly's parliamentary management board, the Legislative Assembly Management Committee, is responsible for the administration and financial management of the Legislative Assembly in support of Members' parliamentary and constituency responsibilities.

The Legislative Assembly Administration supports the Committee by implementing Committee decisions to reform administration and financial policies and controls in line with leading practices in the public sector and other parliamentary jurisdictions, and by ensuring that Members have the resources and tools they need to fulfill their responsibilities on behalf of British Columbians.

This report summarizes the decisions of the Committee and the work of the Legislative Assembly Administration in the 2019-20 fiscal year during the 41st Parliament.



# ACCOUNTABILITY GOALS AND PERFORMANCE

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## SUPPORT LEGISLATIVE ASSEMBLY FUNCTIONS

- **Budget for the Legislative Assembly and Members**
    - **Adapting Proceedings to COVID-19**
  - **Renewing Administration Leadership and Support**
- 

## GOAL 1: SUPPORT THE LEGISLATIVE ASSEMBLY'S KEY FUNCTIONS TO LEGISLATE, AUTHORIZE EXPENDITURES AND TAXES, AND UNDERTAKE OVERSIGHT

### BUDGET FOR THE LEGISLATIVE ASSEMBLY AND MEMBERS

The Legislative Assembly Management Committee and its advisory Subcommittee on Finance and Audit, supported by Administration staff, met in the fall of 2019 to consider and approve an \$83 million operating budget and a \$6 million capital budget for the 2020-21 fiscal year. The budget provides the Assembly and its Members with financial and administrative resources to fulfill their responsibilities to British Columbians. The budget also delivers strategic investments to build a better workplace environment, including enhanced staff engagement, improved human resources management, training and development, the development of a whistleblower policy and expanded information management and technology support.



## ADAPTING HOUSE AND COMMITTEE PROCEEDINGS TO COVID-19

After the World Health Organization declared COVID-19 a global pandemic and government announced a provincial state of emergency on March 18, 2020, the Legislative Assembly Administration implemented health and safety measures in accordance with guidance from the Provincial Health Officer. This enabled Members to meet in the Legislative Chamber on March 23, 2020 for a special one-day sitting to consider and adopt urgent budgetary and legislative measures to address the pandemic. The Legislative Assembly adhered to physical distancing requirements by minimizing in-person attendance while ensuring all-party representation in the House.

Recognizing that the pandemic would continue to impact the work of Members, the Assembly adopted a “long adjournment” motion at the end of the one-day sitting which anticipated a change to the conduct of sittings and allowed the locations and means of the sittings to be altered by agreement of the Speaker and the House Leaders of the recognized caucuses. In the subsequent weeks, the Speaker and House Leaders met with the Clerk of the Legislative Assembly to consider procedural adaptations, and the Assembly Administration launched work to implement new technologies for virtual and hybrid House proceedings.

The Legislative Assembly Administration also enabled remote work arrangements for Members, caucus and constituency office staff and Legislative Assembly employees through the use of videoconference technology and other information technology services. Remote work agreements were also developed to ensure the continued delivery of Assembly services to Members in the context of a rapid shift of non-essential Legislative Assembly employees to remote work arrangements by the end of March 2020.

In March 2020, the Assembly Administration also provided technical and procedural support to enable all parliamentary committees to pivot to fully remote proceedings using Zoom videoconferencing technology. The Committee held its first virtual meeting on March 31, 2020.



## RENEWING ADMINISTRATION LEADERSHIP AND SUPPORT

On March 2, 2020, the Legislative Assembly unanimously appointed Kate Ryan-Lloyd as Clerk of the Legislative Assembly and its chief permanent officer, following an open and competitive process overseen by the Special Committee to Appoint a Clerk of the Legislative Assembly. The Clerk is the chief procedural advisor to the Speaker and Members regarding the Assembly's proceedings and parliamentary business and the head of the Legislative Assembly Administration. The Clerk also serves as Clerk to the Committee and ex officio member of its Subcommittees on Finance and Audit and Administration and Operations.

The Committee agreed in October 2019 that the salary of the Clerk be fixed at appointment at that of a provincial court judge, which is in line with senior public sector positions such as Deputy Ministers, and conveyed this information to the Special Committee to Appoint a Clerk of the Legislative Assembly to facilitate its work.

To enhance access by Members, staff and the public to authoritative information on the rules, practices and procedures of the Legislative Assembly, a new fifth edition of the Legislative Assembly's procedural guide, *Parliamentary Practice in British Columbia*, was released in February 2020. Overseen by then-Acting Clerk Kate Ryan-Lloyd, the fifth edition features more comprehensive and user-friendly content organized in thematic chapters, with additional text on the roles and work of Members, the foundational elements of parliamentary procedure, voting and divisions, the legislative process, financial procedures, and parliamentary privilege.

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## EFFECTIVE MANAGEMENT AND ADMINISTRATION

- **Strengthening Governance and Oversight**
    - **Reforms to Policies and Controls**
    - **Improving Workplace Culture**
- 

### GOAL 2: ENSURE EFFECTIVE OVERSIGHT AND ACCOUNTABILITY OF THE LEGISLATIVE ASSEMBLY'S FINANCIAL MANAGEMENT AND ADMINISTRATION

#### STRENGTHENING GOVERNANCE AND OVERSIGHT

The Legislative Assembly Management Committee strengthened its governance and oversight of financial and administrative management by reforming its subcommittee structure and meeting frequently to respond to increasing workloads and emerging issues.

The workload of its advisory Committee on Finance and Audit, which was established in 2012, had increased greatly and its original focus on financial management and audit matters had expanded to encompass Member-related policies and operational, human resources and administrative matters. As a result, the Committee divided the Finance and Audit Committee into two new subcommittees: a Subcommittee on Finance and Audit to report to the Committee on financial, risk management and audit functions; and a Subcommittee on Administration and Operations to address other administrative, operational and policy matters. Working groups were also created to develop advice on the Members' Respectful Workplace Policy and the Assembly Administration workplace review, and a subcommittee was established to examine the Office of the Sergeant-at-Arms.





The Committee also directed the then-Acting Clerk to undertake a review of broader governance options. As initial changes, the Committee endorsed recommending to government that existing statutory provisions be amended to bring the Clerk and other permanent officers more fully under the Committee's oversight in order to support its responsibility for Assembly financial and administrative issues.

To enhance accountability, the Committee agreed to make Members' Public Disclosure Statements under the *Members' Conflict of Interest Act* and Transitional Assistance Allowance payments available on the Assembly website. Expanded public disclosure reporting also included reporting of Administration Executive staff travel expenses and compensation, procurement contracts and purchasing card transactions.

## REFORMS TO POLICIES AND INTERNAL CONTROLS

Throughout 2019 and 2020, the Committee worked to drive comprehensive administrative reforms, including new and revised policies and more proactive disclosure to support the continued transformation of the Assembly's financial and administrative management.

In October 2019, the Committee accepted the findings and recommendations of a September 2019 audit report by the Office of the Auditor General on the expense policies and practices of the Offices of the Speaker, Clerk and Sergeant-at-Arms. In response to the audit report, an Action Plan presented by the then-Acting Clerk indicated that substantial progress had already been made to address the report's recommendations to address weaknesses and gaps and establish more efficient and effective oversight of the Legislative Assembly's use of public resources. The Action Plan also included specific actions and timelines to fully implement all of the recommendations by the end of 2020.

Steps were also undertaken to re-establish the Legislative Assembly's Internal Audit program to develop a comprehensive three year plan to review the Assembly's operational, financial and internal controls. A request for proposals for internal audit services was issued in April 2020.

At its March 31, 2020 meeting, the Committee adopted a motion to withhold the statutory increase to Members' basic compensation that was to come into effect on April 1, 2020 pursuant to section 2(2) of the *Members' Remuneration and*

*Pensions Act*. The motion aims to negate a 2.3 percent statutory cost-of-living increase to Members' salaries until such a time as the Legislative Assembly considers a statutory amendment in this regard, and was adopted in recognition of the financial challenges confronting the province in light of the COVID-19 pandemic.

## IMPROVING WORKPLACE CULTURE

Improving the Legislative Assembly Administration's workplace culture was a priority for the Committee and the Assembly Administration in 2019-20. As noted, the 2020-21 Assembly budget approved by the Committee in December 2019 included strategic investments for staff engagement, training and development and ethics and values supports.

Between July and September 2019, Assembly employees were invited to participate in a confidential employee survey to assess organizational health and the workplace-related health of individual employees. Overall, employees reported Legislative Assembly strengths in engagement, resources for support and physical safety, with minimal concerns on leadership, staffing, recognition, psychological safety and organizational culture. Employees identified the following areas for improvement: further enhancements to employee communications and performance feedback; continued respectful workplace efforts and training; attention to workloads and overtime; training and skills development to support opportunities for professional advancement; conflict resolution training; support for physical health and mental wellness; and interpersonal and communications skills training for managers.

Under the direction of a Working Group of Committee Members, a competitive bidding process was launched to conduct a workplace review of individuals currently or previously employed in Assembly departments. The successful proponent was Victoria-based ADR Education Partnership. The company made a presentation to the Committee in November 2019 outlining an independent, arms-length process to consult current and former staff on the Assembly as a workplace, for completion in 2020-21. The objective was to learn about employee perceptions regarding organizational health, culture, conflict and functionality.

Expanded learning and development training sessions were offered to all employees to support the renewal of workplace culture, including Indigenous relations and reconciliation, respectful workplace, diversity and human rights, employee relations, stress management and mental health.



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## STRENGTHEN PUBLIC ENGAGEMENT AND INFORMATION

- Enhanced Public Engagement and Outreach
  - Expanded Digital and Information Services
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### GOAL 3: STRENGTHEN PUBLIC ENGAGEMENT AND INFORMATION SERVICES FOR THE LEGISLATIVE ASSEMBLY, PARLIAMENTARY COMMITTEES AND MEMBERS

#### ENHANCED PUBLIC ENGAGEMENT AND OUTREACH



*Democracy and Me colouring contest winner, Grades 9 to 12 category, Teagan Chow, Grade 9, Surrey*

hosted over 350 public servants for the parliamentary procedure workshop program. In addition, they provided seniors' tea and tour programs, governance and beyond programs for students in partnership with the Royal BC Museum, the little legislators program for kindergarten to grade 3 students and open house Halloween and Christmas lights across Canada programs.

The Parliament Buildings were closed to the public in February and early March due to security concerns related to demonstrations on the Legislative Precinct and again in late March due to COVID-19. In the months that followed, departmental staff worked to sustain and expand online accessibility in the 2020-21 year.

The Parliamentary Committees Office enhanced its processes for public and stakeholder engagement during public consultations and appointment processes carried out by parliamentary committees. The use of videoconferencing and conference call technology was also expanded for the conduct of parliamentary committee meetings, which provided a foundation for moving to fully virtual parliamentary committee meetings during the pandemic.

Throughout 2019-20, the Parliamentary Education Office served over 225,000 visitors to the Parliament Buildings and

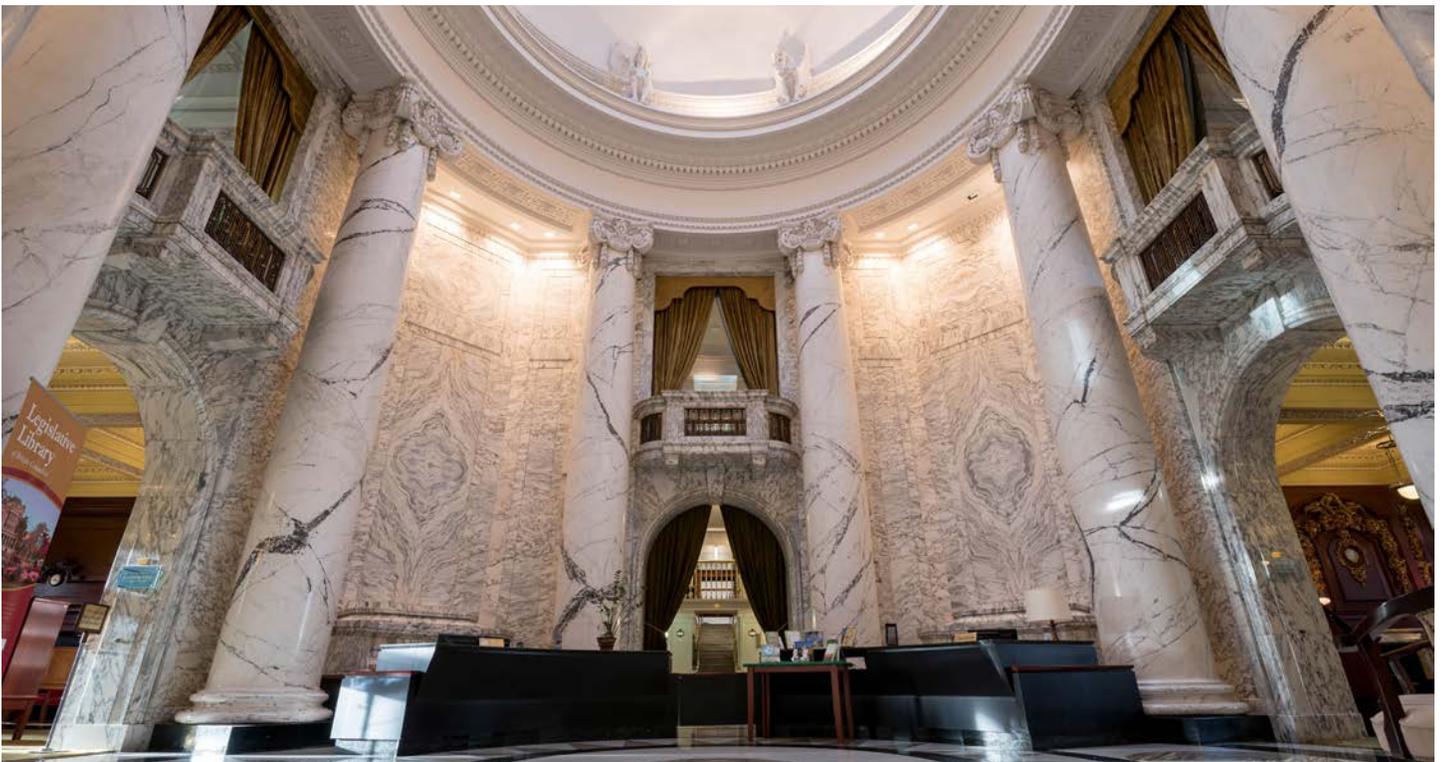
## EXPANDED DIGITAL AND INFORMATION SERVICES

The Digital Information Office was created in September 2019 to strengthen the Legislative Assembly's digital program and ensure strategic management of information services and records management. Under the new office's leadership, a senior interdepartmental advisory Information and Governance Committee was also established to increase collaboration on digital and information services across Administration departments.

The Legislative Library continued to advance the implementation of its 2015-20 strategic plan with expanded digital access and services, strengthened relationships with clients and enhanced operational performance. Digital resources increased to 43 percent of the Library's resources and a new BC Government Publications Search Portal was launched to allow for full text searching of the Library's collection of BC government materials, featuring digitized historical and current publications. A Reconciliation Projects Working Group was formed to ensure that the Library's work and collection respect and recognize Indigenous peoples and cultures, identify areas for reconciliation efforts in Library services, and promoted staff education and awareness. The Library also moved forward with a Collection Disaster Response Plan to protect and maintain the Library's collection during emergencies.

Over the course of 2019-20, Hansard Services improved the reliability of the Chamber sound system and developed a program to enhance the reliability of preliminary House transcripts pending their replacement by final, official Hansard reports. The functionality of streaming text and video clips was also expanded to enhance use by Members and other clients on social media platforms.

New Information Technology services in 2019-20 included the completion of the rollout of voice communications and multimedia services to Internet Protocol (IP) networks across the Legislative Precinct and Members' constituency offices. The migration of Legislative Assembly office software to Microsoft 365 and enhanced mobile device tools also began. These technologies were significant in sustaining the work of Members and staff during the pandemic.



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## A SAFE AND SUSTAINABLE WORK ENVIRONMENT

- **Environmental Sustainability Initiatives**
    - **Facilities and Security Services**
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### GOAL 4: MAINTAIN A SAFE AND SUSTAINABLE WORK ENVIRONMENT FOR MEMBERS, STAFF AND VISITORS

#### ENVIRONMENTAL SUSTAINABILITY INITIATIVES

The Legislative Assembly expanded its environmental sustainability efforts in 2019-20. A new bike room opened in September 2019 available to Members and caucus and Assembly staff with increased bike storage capacity and new bike tool and repair stations. Improved recycling services included additional kitchen composting for offices in the Parliament Buildings and further blue bins for the collection of mixed paper and cans in addition to existing battery, Styrofoam, soft plastic and washroom paper towel recycling programs.

#### FACILITIES AND SECURITY SERVICES

The Legislative Assembly Administration completed a significant capital undertaking with the reconstruction of the ceremonial driveway in front of the Parliament Buildings. The project involved the demolition of a deteriorating concrete driveway and the construction of a new driveway. The phased implementation of improved fire detection devices throughout the Parliament Buildings also continued in 2019-20.

Security initiatives and improvements in 2019-20 included business continuity testing across Legislative Assembly Administration departments as well as exercises with individual departments. To ensure security readiness, support and training for first aid and other health incidents were increased, use of force and firearms standards were maintained security services training was provided to address ongoing safety and security issues and priorities.



# PERFORMANCE MEASURES AND INDICATORS

<b>GOAL 1 – SUPPORT THE LEGISLATIVE ASSEMBLY’S KEY FUNCTIONS TO LEGISLATE, AUTHORIZE EXPENDITURES AND TAXES, AND UNDERTAKE LEGISLATIVE OVERSIGHT</b>				
	2016-17 Actual	2017-18* Actual	2018-19 Actual	2019-20** Actual
Legislative Assembly sitting days	48	63	70	60
Sitting hours (Chamber and Estimates debates)	379	506	642	561
Active parliamentary committees	10	9	15	13
Parliamentary committee meeting hours	319	208	270	356
Bills processed accurately through all stages	28	20	58	47
Bills introduced	84	47	63	68
Parliamentary documents accurately prepared	315	309	460	362
<b>GOAL 2 – EFFECTIVE, RESPONSIVE AND ACCOUNTABLE FINANCIAL MANAGEMENT AND ADMINISTRATION</b>				
	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual
The external auditor has provided an unqualified (clean) opinion on the Financial Statements (Yes or No)	Yes	Yes	Yes	Yes
Legislative Assembly has maintained expenditures within its annual budget appropriation (Yes or No)	Yes	Yes	Yes	Yes
Percentage of expense disclosure (Members’ travel and constituency office expenses, parliamentary committee travel, and executive compensation and travel) released within three months of the close of the quarterly reporting period	75%***	75%***	100%	100%
<b>GOAL 3 – MEMBERS AND BRITISH COLUMBIANS ARE WELL-INFORMED ABOUT THE WORK OF THE LEGISLATIVE ASSEMBLY</b>				
	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual
Visitors to the Parliament Buildings	284,343	249,327	224,687	225,016
Visitors who participated in a Parliament Buildings tour	83,274	79,860	83,066	78,916
Parliamentary committee consultation participants (presentations, submissions and applications)	1,204	1,335	1,433	1,610
Library information requests	2,445	3,252	3,217	4,365
Percentage of Library resources in digital form	37%	40%	41%	43%
Parliamentary education workshop participants	553	608	709	368
<b>GOAL 4 – A SAFE AND SECURE ENVIRONMENT FOR MEMBERS, STAFF AND CITIZENS</b>				
	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual
Security plan up to date and tested (Yes or No)	Yes	Yes	Yes	Yes
Annual business continuity plan test exercises	2	2	2	1****

\* Provincial general election held May 9, 2017.

\*\* Provincial state of emergency related to the COVID-19 pandemic declared on March 18, 2020.

\*\*\* Fourth quarter of 2016-17 and first quarter of 2017-18 releases were extended by two months and two weeks, respectively, due to the electoral period and subsequent change in government.

\*\*\*\* In 2019-20, one Assembly-wide business continuity test exercise was accompanied by tests undertaken by individual departments.



# COMMITTEE DECISIONS

The Legislative Assembly Management Committee met 11 times in 2019-20, on April 9, 2019, May 16, 2019, July 3, 2019, July 30, 2019, October 8, 2019, October 23, 2019, November 25, 2019, December 3, 2019, February 13, 2020, February 26, 2020 and March 31, 2020.

## DECISIONS FROM APRIL 1, 2019 TO MARCH 31, 2020 BY SUBJECT

The Legislative Assembly Management Committee's decisions from April 1, 2019 to March 31, 2020 are listed below as per the Committee's meeting minutes.

### COMMITTEE ADMINISTRATION

The Committee resolved that the unaudited quarter 1, quarter 2 and quarter 3 financial reports of fiscal year 2018-19 be posted on the Legislative Assembly's website. (April 9, 2019)

The Committee resolved that a Working Group on the workplace review and organizational reconciliation processes for Legislative Assembly employees be established, and that it be comprised of Sonia Furstenu, MLA, Mary Polak, MLA, and Janet Routledge, MLA. (April 9, 2019)

The Committee resolved that the unaudited financial report for quarter 4 of fiscal year 2018-19 be posted on the Legislative Assembly's website. (May 16, 2019)

The Committee resolved that the Legislative Assembly of British Columbia fund its portion of the 2021 Commonwealth Parliamentary Association Conference budget requested in fiscal year 2019-20 in the amount of \$12,474. (May 16, 2019)

The Committee resolved that a Working Group be established to oversee the implementation and operationalization of the Respectful Workplace Policy, including the selection of an individual to be contracted by the Legislative Assembly to implement and operationalize the Policy. The Working Group shall be comprised of Sonia Furstenu, MLA, Mary Polak, MLA, and Janet Routledge, MLA. (July 3, 2019)

The Committee resolved that the Respectful Workplace Policy be approved in principle. (July 3, 2019)

The Committee resolved that the redacted Investigation Report Pursuant to Special Provincial Constable Procedure Regulation in the Matter of Allegations Regarding the Conduct of Special Provincial Constable Gary Lenz by Doug LePard be released first to Members of the Legislative Assembly, and subsequently as a public document forthwith. (October 8, 2019)

The Committee resolved that pursuant to section 3(1) of the *Legislative Assembly Management Committee Act* (R.S.B.C. 1996, c. 258), the Committee approve the operational policies currently in effect at the Legislative Assembly, which are necessary for the efficient and effective operation and management of the Legislative Assembly; that the Clerk undertake a comprehensive review of the Legislative Assembly's policy suite and present a Policy Development Work Plan to the Committee by March 31, 2020; and that, for greater certainty, the Committee authorize the Clerk of the Legislative Assembly to hold responsibility to revise and develop policies within the parameters of Policy 1000 – Legislative Assembly Policy Framework and to be accountable to the Committee for the Legislative Assembly's policy suite. (October 8, 2019)

The Committee resolved that Policy 1000 – Legislative Assembly Policy Framework be approved. (October 8, 2019)

The Committee resolved that the unaudited financial report for quarter 1 of fiscal year 2019-20 be posted on the Legislative Assembly's website. (October 8, 2019)

The Committee approved the additional capital funding request for the front driveway project in the amount of \$254,694.89. (December 3, 2019)

The Committee resolved that the Clerk be directed to prepare further background information on which positions should be appointed as permanent officers. (February 13, 2020)

The Committee resolved that the Committee disband the Finance and Audit Committee while an alternate advisory subcommittee structure for the Legislative Assembly Management Committee is established on a six-month trial basis. (February 13, 2020)

The Committee resolved that the Committee establish a Subcommittee on Finance and Audit to consider and make recommendations to the Committee on matters relating to the financial, risk management, and audit functions within the Legislative Assembly, and that the proposed terms of reference be adopted; and further, that the Subcommittee's membership be determined by the House Leaders, with the Speaker appointed to serve as Chair and the Clerk of the Legislative Assembly appointed as an ex officio member. (February 13, 2020)

The Committee resolved that the Committee establish a Subcommittee on Administration and Operations, to consider and make recommendations to the Committee on matters relating to oversight for administration, operational and policy matters that are not of a financial or risk management nature within the Legislative Assembly, and that the proposed terms of reference be adopted; and further, that the Subcommittee's membership be determined by the House Leaders, with the Speaker appointed to serve as Chair and the Clerk of the Legislative Assembly appointed as an ex officio member. (February 13, 2020)

The Committee resolved that the Committee empower the Subcommittee on Finance and Audit to approve new operational financial expenditures up to \$10,000. (February 13, 2020)

The Committee resolved that on behalf of the Committee, the Chair communicate to the Office of the Auditor General the new subcommittee structure and relay the Committee's attendance and participation expectations for representatives of the Office of the Auditor General as appropriate. (February 13, 2020)

The Committee resolved that once key governance decisions are made, quarterly public meetings of the Committee, and the matters that may be considered in camera, be formally adopted by the Committee as part of the Legislative Assembly of British Columbia Governance Framework. (February 13, 2020)

The Committee resolved that on behalf of the Committee, the Chair write to the Attorney General, as Minister responsible for the *Constitution Act* (R.S.B.C. 1996, c. 66), to request that the Attorney General consider introducing amendments to that Act for the Legislative Assembly's consideration to provide that future Clerks of the Legislative Assembly be subject to an appointment process by a special committee of the Legislative Assembly that must select and unanimously recommend to the Assembly a candidate for appointment to that position. (February 13, 2020)

The Committee resolved that on behalf of the Committee, the Chair write to the Attorney General, as Minister responsible for the *Constitution Act* (R.S.B.C. 1996, c. 66), to request that the Attorney General consider introducing amendments to that Act for the Legislative Assembly's consideration to provide that, for cause or incapacity, a permanent officer may be suspended from office, with or without pay, or be removed from office, by a resolution passed by 2/3 or more of the Members present in the Legislative Assembly. (February 13, 2020)

The Committee resolved that on behalf of the Committee, the Chair write to the Attorney General, as Minister responsible for the *Legislative Assembly Management Committee Act* (R.S.B.C. 1996, c. 258), to request that the Attorney General consider introducing amendments to that Act for the Legislative Assembly's consideration to provide that the exclusion of the Committee's oversight of permanent officers, as provided for in section 3(1)(c) of the Act, be removed. (February 13, 2020)

The Committee resolved that once key governance decisions are made, the accountabilities that the Clerk of the Legislative Assembly has to the Committee be incorporated into the Legislative Assembly of British Columbia Governance Framework. (February 13, 2020)

The Committee resolved that the Clerk be directed to prepare a detailed analysis and briefing on the *Legislative Assembly Management Committee Act* (R.S.B.C. 1996, c. 258) and identify areas for where the Act could be strengthened based on best practices in other parliamentary jurisdictions. (February 13, 2020)

## MEMBERS' COMPENSATION

The Committee resolved that, notwithstanding section 2(2) of the *Members' Remuneration and Pensions Act* (R.S.B.C. 1996, c. 257), Legislative Assembly staff be directed to withhold the administration of the statutory increase to Members' basic compensation scheduled to come into effect on April 1, 2020, until such time that a statutory change in this regard may be brought forward for the Legislative Assembly's consideration. (March 31, 2020)

## MEMBERS' ALLOWANCES

The Committee resolved that additional funding equal to that allocated to a caucus for a Member of the Executive Council be added as a separate line item to the budget of the Office of the Speaker, beginning in fiscal year 2019-20. (April 9, 2019)

The Committee resolved that for fiscal 2019-20, holiday card postage for 100 cards per Member be reimbursed as required from the Members' Services budget. (December 3, 2019)

## MEMBERS' TRAVEL

The Committee resolved that effective immediately, the *Members' Guide to Policy and Resources* be amended to allow Members to claim reimbursement for the cost of car rentals, parking, public transit, and taxis incurred after travelling by air or ferry to a destination within their constituency in instances when they are unable to use a private vehicle to reach their final destination. (May 16, 2019)

The Committee resolved that further to the resolution of the Committee on May 16, 2019 with respect to the *Members' Guide to Policy and Resources*, the revised provisions for in-constituency travel be retroactive to January 1, 2019. (July 3, 2019)

## CONSTITUENCY OFFICES

The Committee resolved that the request from Mary Polak, MLA with respect to relocating her constituency office be approved, specifically to cover the costs of an inspection, moving, and furniture, and any additional costs arising from security considerations, so long as these costs do not exceed the amount provided to a new Member at the beginning of a new Parliament. (February 13, 2020)

The Committee resolved that the Constituency Office Expenditure Monitoring Protocol be established and provide that Financial Services notify the respective Caucus Chair and seek their assistance in resolving any issues relating to potential constituency office budget over-expenditures. (February 13, 2020)

## DISCLOSURE

The Committee resolved that flight ticket numbers shown on travel receipts be redacted prior to the receipts being published in Members' quarterly travel disclosure reports. (April 9, 2019)

## VOTE 1

The Committee approved the estimates of expenditure for fiscal year 2020-21 for the Legislative Assembly for Vote 1 as presented. (December 3, 2019)

The Committee resolved that the Speaker transmit the estimates of expenditure for fiscal year 2020-21 for the Legislative Assembly for Vote 1 as presented to the Minister of Finance on behalf of the Committee. (December 3, 2019)

## PERMANENT OFFICERS RETIREMENT AGE

The Committee resolved that, on behalf of the Committee, the Chair write to the Attorney General as Minister responsible for the *Constitution Act* (R.S.B.C. 1996, c. 66) with a request that the Act be amended to provide for the retirement of permanent officers at age 75. (October 23, 2019)

## POSITION OF CLERK OF THE LEGISLATIVE ASSEMBLY

The Committee resolved that the position description for the position of Clerk of the Legislative Assembly be approved. (October 23, 2019)

The Committee resolved that the salary of the Clerk of the Legislative Assembly be fixed upon appointment at the salary of a Judge of the Provincial Court of British Columbia, that future salary increases be approved by the Legislative Assembly Management Committee, and that terms and conditions of employment be in line with those offered by the B.C. Public Service for Excluded Employees and Appointees. (October 23, 2019)

The Committee resolved, that, on behalf of the Committee, the Chair write to the Special Committee to Appoint a Clerk of the Legislative Assembly to inform it of the decisions of the Committee with respect to the position of Clerk of the Legislative Assembly. (October 23, 2019)

## EXECUTIVE STAFF COMPENSATION

The Committee resolved that the salaries of incumbents in positions linked to date as a percentage of the salary of the Clerk of the Legislative Assembly be maintained, and that future increases be approved by the Legislative Assembly Management Committee. (October 23, 2019)

The Committee resolved that salary increases for Executive staff, outside of inflationary increases approved by the Committee from time to time, be subject to a formal human resources classification review and that the results of that review be presented to the Committee for approval. (February 13, 2020)

# MANAGEMENT DISCUSSION AND ANALYSIS 2019-20

FOR THE YEAR ENDED MARCH 31, 2020

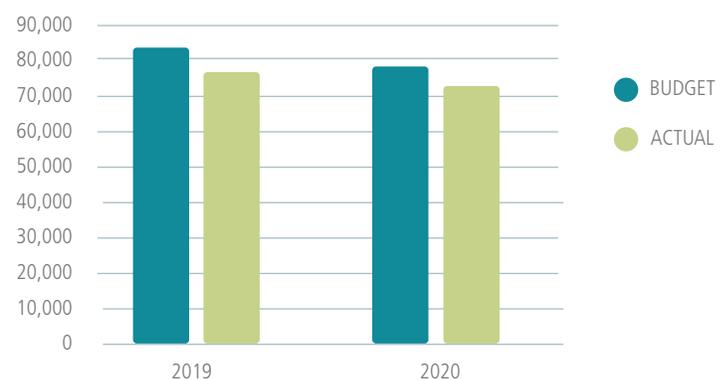
This Management Discussion and Analysis (MD&A) reflects the continued commitment of the Legislative Assembly of British Columbia (the Legislative Assembly) to enhanced accountability and transparency. It complements the 2020 Financial Statements by providing further financial analysis and forward-looking 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, 2020. 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 2020 was \$76.3 million, which was \$6.7 million lower than the budget of \$83.0 million and \$3.7 million higher than actual spending in 2019 (see Chart 1). The Legislative Assembly incurred \$3.4 million in capital expenditures, representing an increase of \$1.6 million in comparison to 2019 and an under-spend of \$2.8 million in comparison to the budget of \$6.2 million.

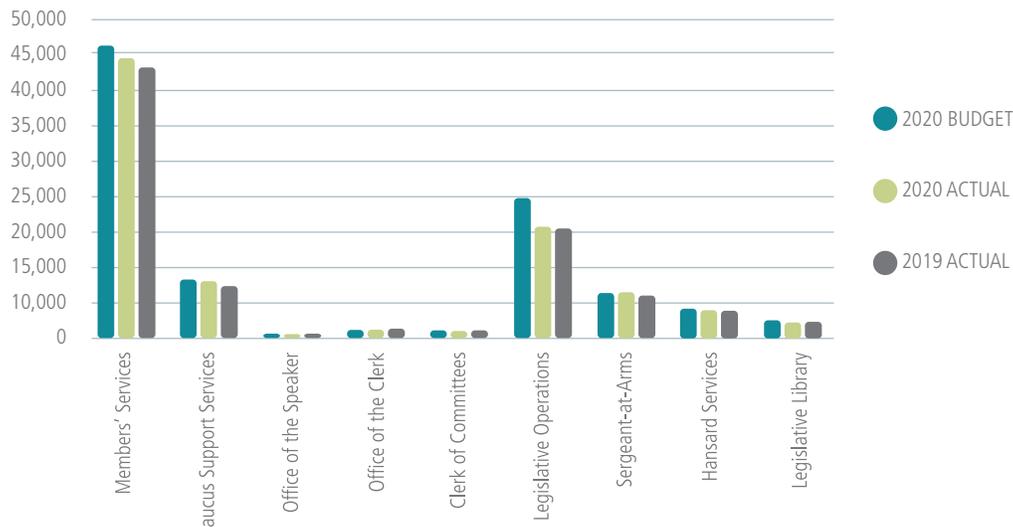
CHART 1: NET COST OF OPERATIONS (\$000'S)



## OPERATING EXPENSES BY FUNCTION

Total 2020 operating expenses were \$77.2 million, an increase of \$3.6 million from the \$73.6 million spent in 2019, and \$6.6 million less than budgeted. Expenses were lower than budgeted in most areas, but primarily in Members' Services and Legislative Operations (see Chart 2 below).

CHART 2: OPERATING EXPENSES BY FUNCTION (\$'000'S)



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

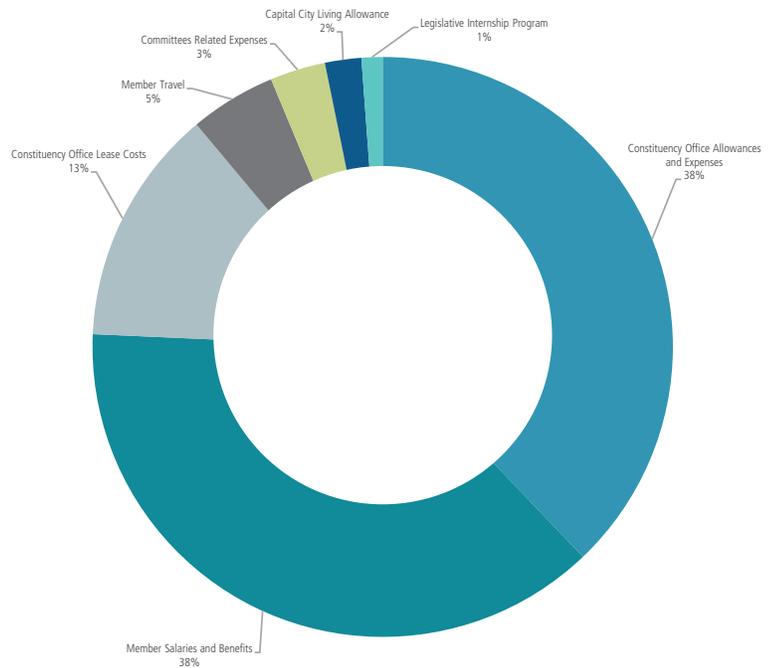
The two largest components are Members' salaries and benefits and constituency office allowances and expenses, each accounting for approximately 38% of total expenses. Constituency office allowances and expenses includes the annual per office constituency office allowance of \$140,500 (\$138,000 in 2019), 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 \$41.0 million. Actual expenses were \$39.3 million in 2020 (\$37.8 million in 2019) and were \$1.7 million lower than budget. The under-spend was primarily a result of the following:

- Lower than budgeted Member salary and benefit costs as a result of fewer than budgeted Members with additional salaried positions and lower than budgeted overall benefit costs (\$0.6 million).
- Lower than budgeted costs incurred for Member travel, smart phone costs, capital city living allowance and legal costs (\$0.7 million) .
- Lower than budgeted insurance, security, internet, lease and constituency assistant benefit costs in constituency offices (\$0.3 million).
- Higher than budgeted costs for Parliamentary Committees as a result of approved, unbudgeted expenses incurred by the Legislative Assembly Management Committee for expenses related to the Special Independent Investigation following from the January 2018 Speaker's Report, unplanned legal expenses and unanticipated committee advertising and consultations. These costs were partially offset by savings in salary and benefits as a result of staff vacancies (\$0.2 million)

- Lower than budgeted Member Inter-Parliamentary travel expenses related to participation at conferences, and hosting costs (0.2 million).
- 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 2020. The underspend was a result of unfilled vacancies, savings in travel and advertising and publications, and operational efficiencies.
- Legislative Operations expenses were \$4.2 million under budget in 2020 as a result of operational savings, unfilled staff positions, lower than expected amortization costs due to capital projects not proceeding, and unspent contingency funds.
- Variances compared to the budget and 2020 were insignificant for all other departments.

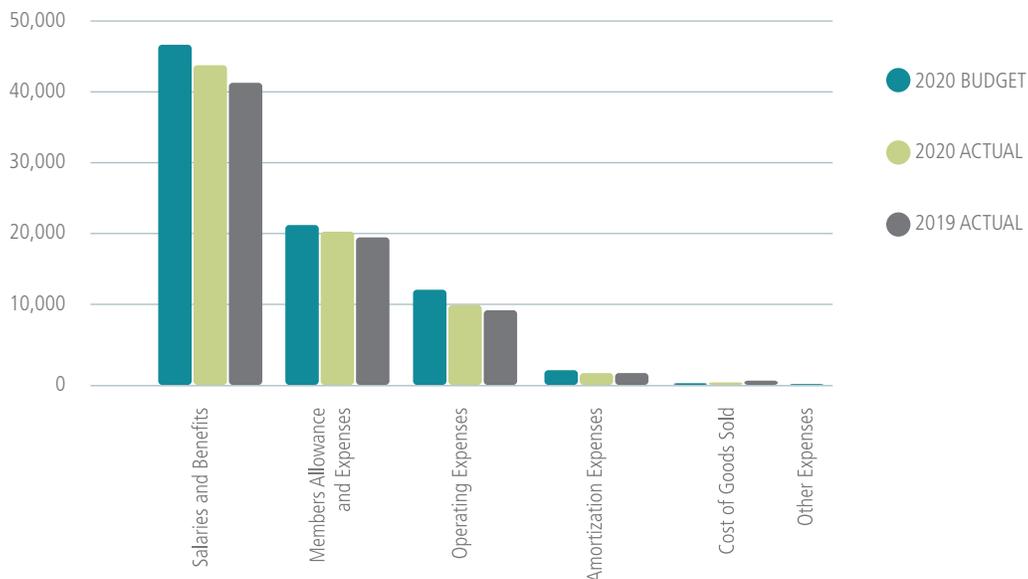
CHART 3: COMPOSITION OF 2020 MEMBERS' SERVICES EXPENSES



## 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 27% (see Chart 4). The Salaries and Benefits category includes Members' salaries and benefits.

CHART 4: OPERATING EXPENSES BY CATEGORY



Actual Assembly Salaries and Benefits increased by \$2.6 million compared to 2019, primarily as a result of scheduled salary increases for Assembly staff and Members. Salaries and Benefits were \$2.8 million lower than budget as a result of 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, increased by \$0.6 million compared to 2019 and was \$0.8 million under budget. This expense category was below budget due to savings resulting from lower than budgeted Member travel, savings in the capital city living allowance, unused contingency reserves and other minor amounts.

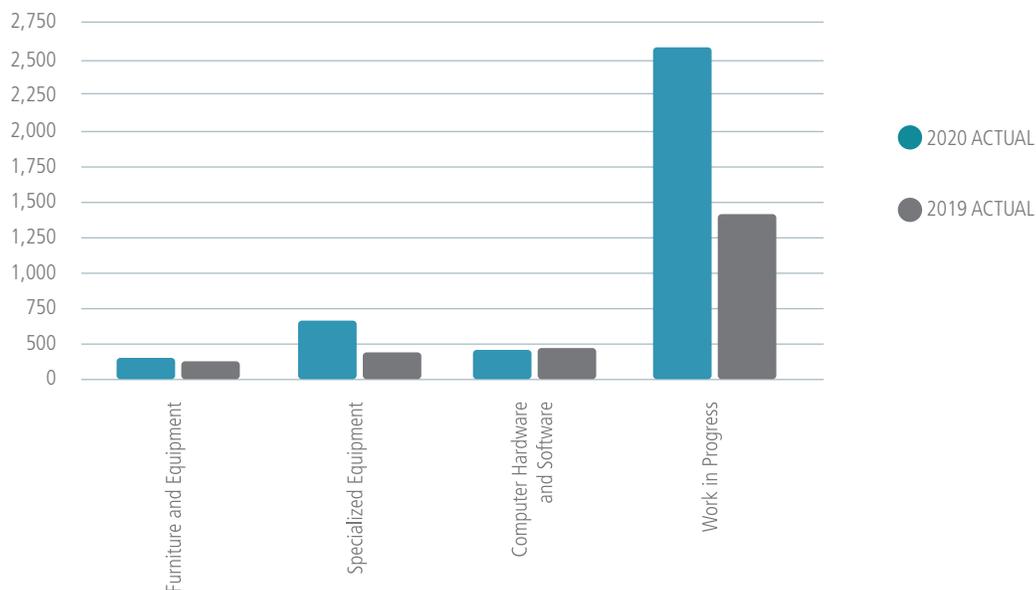
Operating Expenses are comprised of office administration, utilities, maintenance, telecommunications, and employee travel expenses. These expenses were \$0.5 million higher than 2019, and \$2.4 million under budget. This expense category was below budget due to lower-than-expected expenses for professional consulting services, operational and building maintenance costs, deferred projects, operational contract savings, and unspent contingency funds. The under-spend was partially offset by higher-than-expected expenses for legal matters requiring assistance from external counsel.

Amortization expense was \$0.5 million under budget due to lower-than-expected capital purchases during the year.

## CAPITAL EXPENDITURES BY CATEGORY

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

CHART 5: CAPITAL EXPENDITURES BY CATEGORY (\$000'S)



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 2019, capital spending was higher in 2020 by \$1.6 million. Significant capital additions during 2020 included the replacement of the front driveway, the installation of new exterior wayfinding signage, upgrades to security

equipment, office furniture, specialized equipment for Hansard operations, and lifecycle replacements of personal computers, tablets, and notebooks for the Assembly departments.

At year-end, there were several projects underway (included in work-in-progress) such as the Chamber lighting system upgrade, safe passage seismic upgrades, planning work for upgrades to security infrastructure, and an audio-visual system upgrade for the Birch Committee Room.

## 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 \$0.8 million was generated by these operations in 2020 (\$0.8 million in 2019). The Legislative Assembly also generates a small amount of lease revenue by leasing space on the Legislative Precinct to the media and government agencies, on a cost recovery basis. Revenues are described further in note 13 of the Financial Statements.

## FINANCIAL POSITION

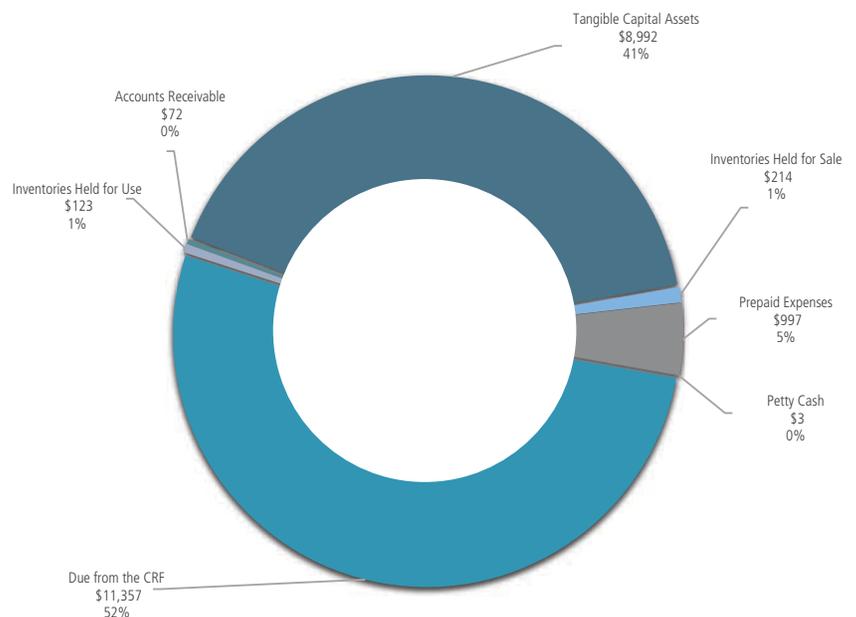
### ASSETS

The Legislative Assembly's most significant asset balance is Tangible Capital Assets. Capital spending was higher than amortization, disposals, and write-downs in 2019, resulting in a net increase of \$2.1 million to Tangible Capital Assets. Significant capital additions for 2020 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 2020 as compared to 2019.

CHART 6: 2020 COMPOSITION OF ASSETS (\$000's)



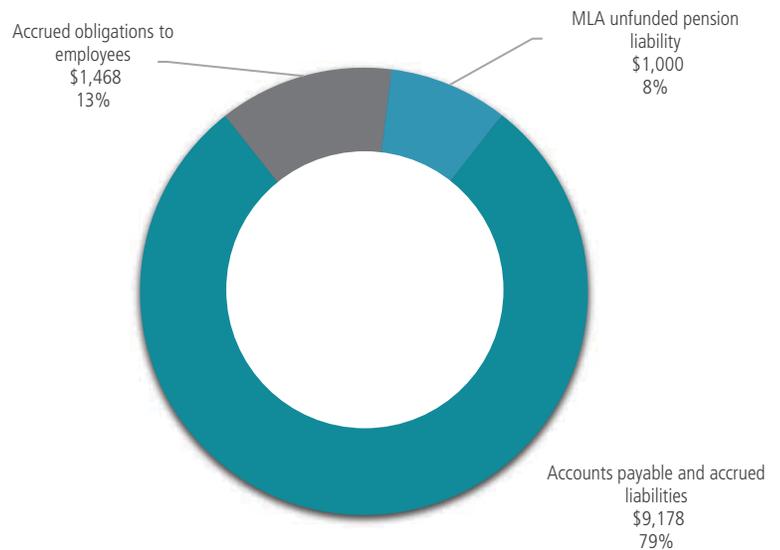
## LIABILITIES

The Accounts Payable and Accrued Liabilities balance increased by \$0.7 million in 2020. 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)

Accrued Obligations to Employees is composed of the employee retirement allowance and the employee leave liability (e.g. accrued vacation entitlement). While there was no significant change in the employee retirement allowance in comparison to the prior year, the employee leave liability decreased by \$0.2 million as a result of the pay-out of earned vacation hours carried forward from previous years in accordance with the Legislative Assembly's vacation leave policy.

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 \$0.1 million in 2020. As of March 31, 2020, four MLAs were eligible to receive a future pension benefit funded by the Account.

CHART 7: 2020 COMPOSITION OF LIABILITIES (\$000'S)



## LOOKING AHEAD

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 2021 budget and actual results, the 2022 budget, and projected results for 2023. The 2022 budget and 2023 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 underspent its 2021 operating budget by \$5.6 million. The underspend is comprised of unexpected costs arising from the October 2020 provincial general election which resulted in Member transitional assistance and other allowance costs and constituency office startup costs that were planned for the following fiscal year. These unexpected costs were offset by lower-than-expected Member's travel due to the COVID-19 pandemic and other related savings resulting in \$0.6 million savings in Members' Services. Savings of \$0.2 million for Caucus Support Services were primarily a result of reduced travel and office and business expenses due to COVID-19. Savings of \$4.8 million for Administrative Support Services were primarily due to unfilled vacancies, lower than budgeted benefit costs, reduced programing, services and travel, including modified House and committee activities due to COVID-19 and the October 2020 provincial general election. Actual revenues were \$1.0 million over budget primarily due to the return of constituency office carry-forward balances of non-returning Members following the October 2020 provincial general election, offset in part by reduced

Parliamentary Dining Room and Gift Shop revenues following the closure of the buildings in response to the COVID-19 pandemic.

<b>PROJECTED NET COST OF OPERATIONS</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Projected</b>	
<i>(\$000's)</i>	<b>2019</b>	<b>2020</b>	<b>(unaudited)</b>	<b>2022</b>	<b>2023</b>	
			<b>2021</b>			
<b>Expenses</b>						
Members' Services	37,750	39,258	41,583	41,016	40,644	40,646
Caucus Support Services	7,032	7,882	8,158	8,003	8,190	8,325
Administrative Support Services						
Respectful Workplace Office	-	-	250	26	250	250
Office of the Speaker	390	436	504	435	425	426
Office of the Clerk	1,098	1,053	1,181	1,432	1,438	1,437
Clerk of Committees	885	877	982	502	1,393	1,393
Legislative Operations	15,028	15,484	20,115	16,894	21,540	21,538
Sergeant-at-Arms	5,737	6,320	6,594	5,386	6,380	6,381
Hansard Services	3,590	3,793	4,084	3,945	3,967	3,967
Legislative Library	2,052	2,090	2,360	2,200	2,299	2,300
	<b>73,562</b>	<b>77,193</b>	<b>85,811</b>	<b>79,839</b>	<b>86,526</b>	<b>86,663</b>
<b>Revenues</b>						
Parliamentary Dining Room	653	600	599	180	360	360
Parliamentary Gift Shop	179	152	130	55	34	34
Constituency office allowance recoveries	61	-	-	1,438	-	-
Recovery of Prior Year's Expenses	21	34	-	10	-	-
Lease Revenue	70	73	68	70	70	70
Other miscellaneous revenue	3	2	-	-	-	-
	<b>987</b>	<b>861</b>	<b>797</b>	<b>1,753</b>	<b>464</b>	<b>464</b>
<b>Net cost of operations</b>	<b>72,575</b>	<b>76,332</b>	<b>85,014</b>	<b>78,086</b>	<b>86,062</b>	<b>86,199</b>

## 2021 ACTUAL RESULTS

- Actuals for 2021 are based on unaudited department results as at March 31, 2021.

## 2022 BUDGET AND 2023 PROJECTION ASSUMPTIONS

- Projected expenses for 2022 and 2023 are from the approved Vote 1 budget submission to the 2021/22 Provincial Estimates. Submission available at: [Legislative-Assembly-Budget-Submission\\_2021-22.pdf](#)
- 2020-21 was an election year. The next scheduled general election is October 19, 2024.
- Sitting days are expected to remain consistent at about 70 days per year.

## PROJECTED CAPITAL PURCHASES

The Legislative Assembly underspent its 2021 capital budget by \$1.2 million. The underspend represents delays in infrastructure projects planned for completion in 2021 and some capital projects that were completed under budget. Actual savings were offset by unplanned information technology expenditures related to an equipment refresh for Members, Caucus and constituency staff following the October 2020 provincial general election, and significant information technology infrastructure investments following a network outage in November 2020. Contingency reserve funds were fully utilized.

<b>PROJECTED CAPITAL PURCHASES</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Projected</b>	
<i>(\$000's)</i>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>(unaudited)</b> <b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Capital Purchases</b>						
Furniture and Equipment	126	158	300	91	319	235
Computer Hardware and Software	218	239	572	1,510	1,609	330
Buildings	905	1,953	4,625	2,611	3,690	400
Vehicles	-	-	-	-	-	-
Specialized Equipment	597	1,051	453	502	691	63
<b>Total Capital Purchases</b>	<b>1,846</b>	<b>3,401</b>	<b>5,950</b>	<b>4,714</b>	<b>6,309</b>	<b>1,028</b>

### 2021 ACTUAL RESULTS

- Actuals for 2021 are based on unaudited department results as at March 31, 2021.

### 2022 CAPITAL BUDGET AND 2023 CAPITAL PROJECTION ASSUMPTIONS

- Projected capital purchases for 2022 and 2023 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, Senior Management 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 Senior Management Team and is presented annually to the Subcommittee on Finance and Administration for review and consideration.

To ensure safety, continuity of government, and the provision and recovery of critical services following a range of disaster scenarios or disruptions, the Assembly has implemented an organization-wide Business Continuity Plan. The Plan is reviewed and tested on a regular basis.

Both the Risk Management and Business Continuity Programs are scheduled for internal audit in 2022. All audit recommendations will be considered for incorporation into the respective program area.



# FINANCIAL STATEMENTS

## 2019-20

FOR THE YEAR ENDED MARCH 31, 2020

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## Statement of Management Responsibility

For the Year Ended March 31, 2020

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 are 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 (previously Finance and Audit Committee) 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 27th day of May 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, 2020, and the statements of operations and change in accumulated surplus, changes in net assets and cash flows, 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, 2020, and the results of its operations, changes 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 Accountability Report 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 Accountability Report. 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 (PSAS), 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.

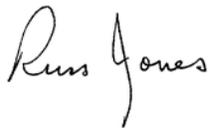
As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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.



Russ Jones, FCPA, FCA, ICD.D  
Deputy Auditor General

Victoria, British Columbia, Canada  
June 7, 2021



## Statement of Financial Position

As at March 31, 2020, with comparative information for March 31, 2019

<i>(in thousands of dollars)</i>	2020	2019
<b>Financial assets</b>		
Cash ( <i>note 3</i> )	3	3
Accounts receivable ( <i>note 4</i> )	72	34
Inventories held for sale	214	176
Due from the CRF ( <i>note 2d</i> )	11,357	11,030
<b>Total financial assets</b>	<b>11,646</b>	<b>11,243</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities ( <i>note 5</i> )	9,178	8,461
Accrued obligations to employees ( <i>note 6</i> )	1,468	1,682
MLA unfunded pension liability ( <i>note 7b</i> )	1,000	1,100
Transitional assistance ( <i>note 8</i> )	-	-
<b>Total liabilities</b>	<b>11,646</b>	<b>11,243</b>
<b>Net assets (<i>note 2h</i>)</b>	<b>-</b>	<b>-</b>
<b>Non-financial assets</b>		
Tangible capital assets ( <i>note 11</i> )	8,992	6,935
Prepaid expenses	997	1,060
Inventories held for use	123	106
<b>Total non-financial assets</b>	<b>10,112</b>	<b>8,101</b>
<b>Accumulated surplus (<i>note 15</i>)</b>	<b>10,112</b>	<b>8,101</b>

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

Authorized for issue on the 27th day of May 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, 2020, with comparative information for 2019

<i>(in thousands of dollars)</i>	<b>Budget</b>	<b>2020</b>	<b>2019</b>
<b>Expenses</b> <i>(note 14)</i>			
Members' Services	40,919	<b>39,258</b>	37,750
Caucus Support Services	8,082	<b>7,882</b>	7,032
Office of the Speaker	503	<b>436</b>	390
Office of the Clerk	1,032	<b>1,053</b>	1,098
Clerk of Committees	962	<b>877</b>	885
Legislative Operations	19,658	<b>15,484</b>	15,028
Sergeant-at-Arms	6,227	<b>6,320</b>	5,737
Hansard Services	4,026	<b>3,793</b>	3,590
Legislative Library	2,373	<b>2,090</b>	2,052
<b>Total expenses</b>	<b>83,782</b>	<b>77,193</b>	73,562
<b>Revenues</b>			
Miscellaneous revenue <i>(note 13)</i>	767	<b>861</b>	987
<b>Total revenues</b>	<b>767</b>	<b>861</b>	987
<b>Net cost of operations</b>	<b>83,015</b>	<b>76,332</b>	72,575
<b>Government funding</b>			
Appropriation - operating <i>(note 12)</i>	83,015	<b>74,942</b>	71,111
Appropriation - capital <i>(note 12)</i>	6,174	<b>3,401</b>	1,846
<b>Total government funding</b>	<b>89,189</b>	<b>78,343</b>	72,957
<b>Annual surplus</b>	-	<b>2,011</b>	382
<b>Accumulated surplus - beginning of year</b>	-	<b>8,101</b>	7,719
<b>Accumulated surplus - end of year</b> <i>(note 15)</i>	-	<b>10,112</b>	8,101

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



## Statement of Change in Net Assets

For the year ended March 31, 2020, with comparative information for 2019

<i>(in thousands of dollars)</i>	2020	2019
<b>Net assets - beginning of year</b> <i>(note 2h)</i>	-	-
<b>Annual (surplus) deficit</b>	<b>(2,011)</b>	(382)
<b>Change due to tangible capital assets</b>		
Acquisition of tangible capital assets	<b>3,401</b>	1,846
Loss on disposal of tangible capital assets	<b>2</b>	(1)
Amortization of tangible capital assets	<b>(1,344)</b>	(1,404)
<b>Total change due to tangible capital assets</b>	<b>2,059</b>	441
Acquisition of inventories held for use	<b>77</b>	53
Acquisition of prepaid expenses	<b>1,189</b>	1,270
Consumption of inventories held for use	<b>(60)</b>	(64)
Use of prepaid expenses	<b>(1,254)</b>	(1,318)
<b>Increase (decrease) in net assets</b>	-	-
<b>Net assets – end of year</b> <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, 2020, with comparative information for 2019

<i>(in thousands of dollars)</i>	2020	2019
<b>Operating activities</b>		
Annual surplus (deficit)	2,011	382
Items not involving cash:		
Amortization of tangible capital assets	1,344	1,404
Loss on disposal of tangible capital assets	2	1
Change in non-cash working capital:		
Decrease in accounts receivable	(38)	227
Decrease (increase) in inventories held for sale	(38)	(63)
Increase in due from the CRF	(327)	(2,624)
Increase in accounts payable and accrued liabilities	715	3,175
Increase in accrued obligations to employees	(214)	268
Decrease in MLA unfunded pension liability	(100)	(300)
Increase (decrease) in transitional assistance	-	(684)
Decrease (increase) in inventories held for use	(17)	10
Decrease (increase) in prepaid expenses	63	49
<b><i>Net change in cash from operating activities</i></b>	<b>3,401</b>	<b>1,845</b>
<b>Capital activities</b>		
Cash used to acquire tangible capital assets	(3,401)	(1,846)
<b><i>Net change in cash from capital activities</i></b>	<b>(3,401)</b>	<b>(1,846)</b>
<b>Financing activities</b>		
None	-	-
<b><i>Net change in cash from financing activities</i></b>	<b>-</b>	<b>-</b>
<b>Net change in cash</b>	<b>-</b>	<b>(1)</b>
<b>Cash, beginning of year</b>	<b>3</b>	<b>4</b>
<b>Cash, end of year</b>	<b>3</b>	<b>3</b>

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



## Notes to the Financial Statements

For the year ended March 31, 2020

### 1. Nature of Operations

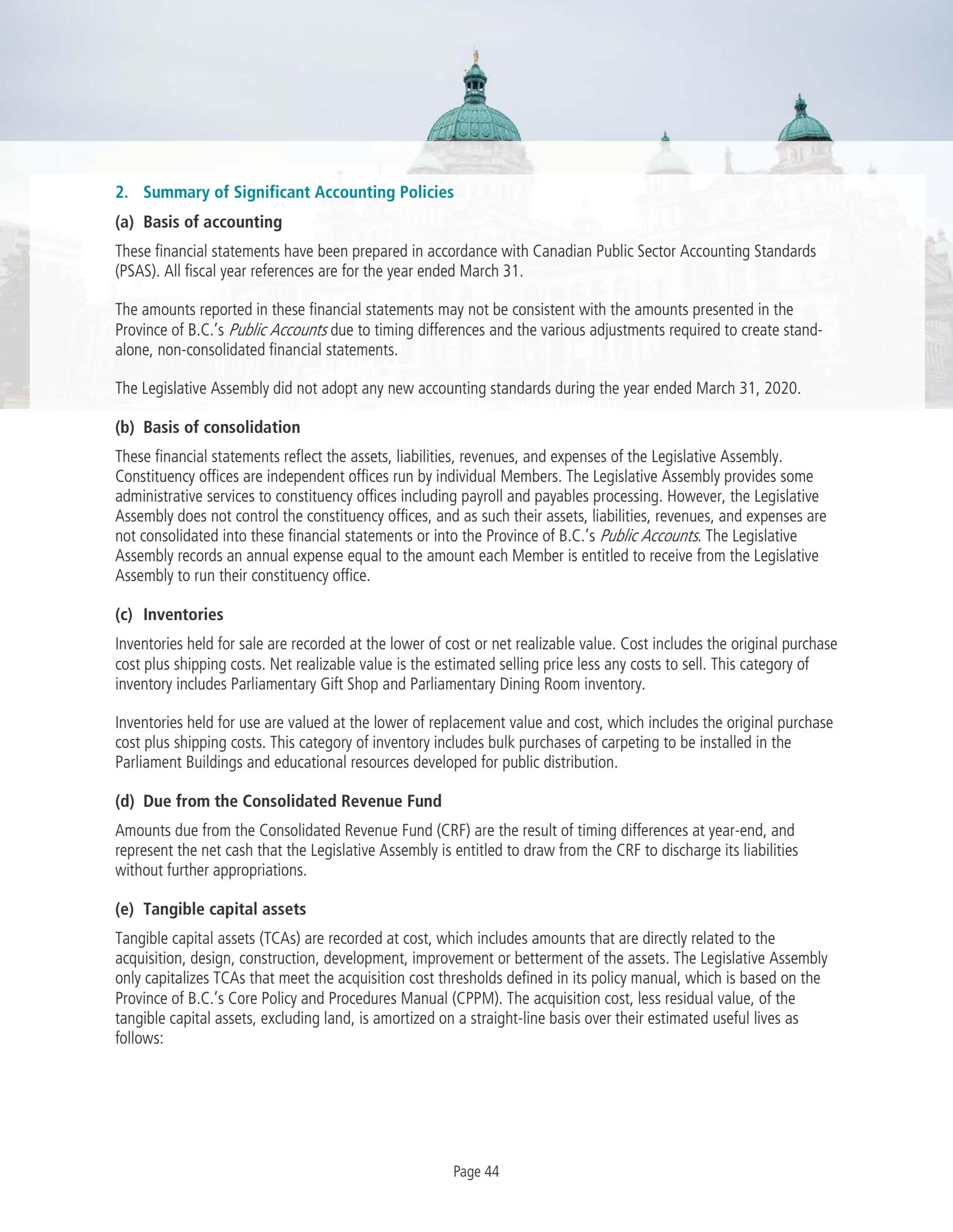
The Legislative Assembly of British Columbia (the Legislative Assembly) is a self-governing, parliamentary institution. The Legislative Assembly, like all provincial legislatures in Canada, is established by the *Constitution Act, 1867* (formerly the *British North America Act, 1867*), which provides 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) (previously Finance and Audit Committee (FAC)) 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 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 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, 2020.

### (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:

<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**

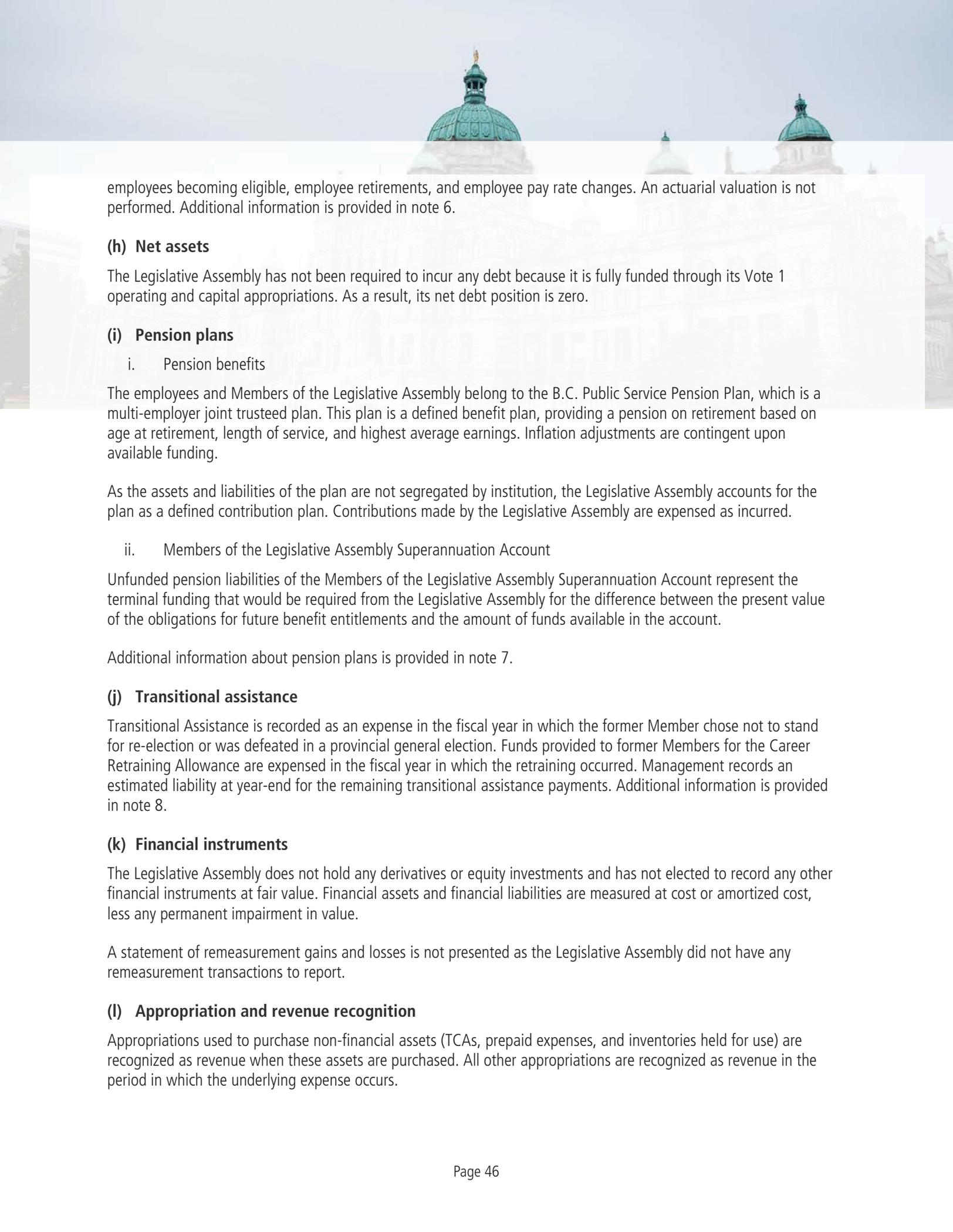
i. Employee leave liability

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 trustees 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>2020</b>	<b>2019</b>
Petty cash	3	3
Bank balance	-	-
<b>Total</b>	<b>3</b>	<b>3</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>	<b>2020</b>	<b>2019</b>
Accounts receivable	47	5
Due from constituency offices	25	29
<b>Total</b>	<b>72</b>	<b>34</b>

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

## 5. Accounts Payable and Accrued Liabilities

(in thousands of dollars)

	2020	2019
Accounts payable and accrued liabilities	2,422	2,777
Due to constituency offices	4,913	4,205
Salaries and benefits payable	1,716	1,228
Unreleased minister salary holdbacks	127	251
<b>Total</b>	<b>9,178</b>	<b>8,461</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. Fiscal 2020 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, 2020.

### (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*. The Legislative Assembly is responsible for the payment of the additional salaries and the full amount is recovered quarterly from the various ministries. 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 2020 but not their collective targets and, therefore, received half of their ministerial salary holdback (10%) in September 2020. 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>	2020	2019
Employee leave liability	935	1,175
Employee retirement allowance	533	507
<b>Total</b>	<b>1,468</b>	<b>1,682</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, 2020, 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 five 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.

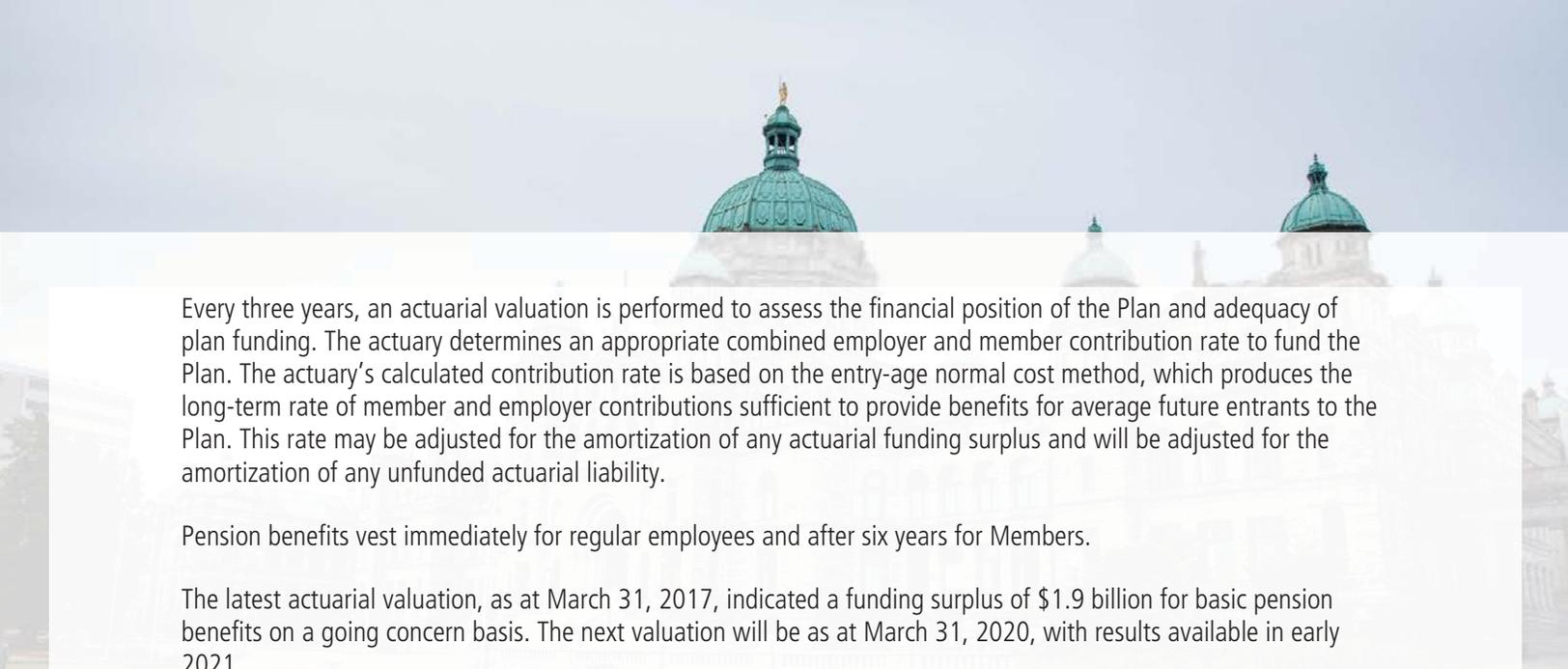
The retirement allowance is calculated based on the employee's years of contributory service and basic salary at retirement. The minimum number of days of retirement allowance payable is 11 days (for those who have worked 5 years) and the maximum is 65.25 days (for those who have worked 30 or more years).

Retirement allowance payments to eight former employees, totalling \$67 thousand, were made in fiscal 2020 (Payments totalling \$58 thousand were made to seven former employees in fiscal 2019). The eight former employees who received a retirement allowance payment during the year had an average contributory service of 12 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, 2019, the Plan had about 64 thousand active members and approximately 50 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, 2017, indicated a funding surplus of \$1.9 billion for basic pension benefits on a going concern basis. The next valuation will be as at March 31, 2020, with results available in early 2021.

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.

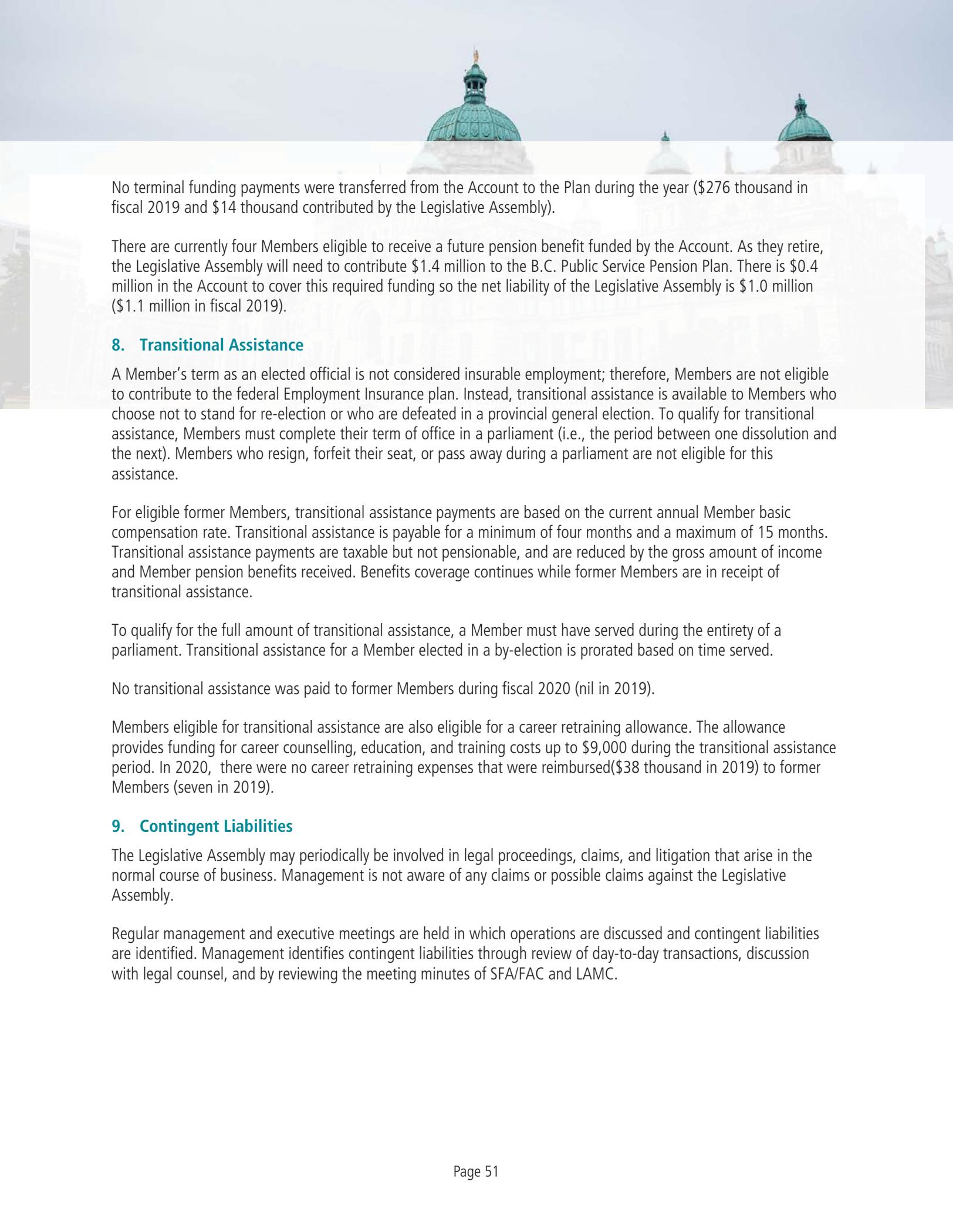
The Legislative Assembly paid \$2.5 million for employer contributions to the Plan in fiscal 2020 (\$2.4 million in fiscal 2019). The Legislative Assembly's contribution rate for the year was 9.85% of each employee's base salary (employees contribute 8.35%).

The Legislative Assembly paid \$4.5 million for employer contributions to the Plan on behalf of Members in fiscal 2020 (\$4.3 million in fiscal 2019). 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.



No terminal funding payments were transferred from the Account to the Plan during the year (\$276 thousand in fiscal 2019 and \$14 thousand contributed by the Legislative Assembly).

There are currently four Members eligible to receive a future pension benefit funded by the Account. As they retire, the Legislative Assembly will need to contribute \$1.4 million to the B.C. Public Service Pension Plan. There is \$0.4 million in the Account to cover this required funding so the net liability of the Legislative Assembly is \$1.0 million (\$1.1 million in fiscal 2019).

## **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.

No transitional assistance was paid to former Members during fiscal 2020 (nil in 2019).

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 2020, there were no career retraining expenses that were reimbursed (\$38 thousand in 2019) to former Members (seven in 2019).

## **9. Contingent Liabilities**

The Legislative Assembly may periodically be involved in legal proceedings, claims, and litigation that arise in the normal course of business. Management is not aware of any claims or possible claims against the Legislative Assembly.

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/FAC 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>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>Total</b>
Office leases	5,193	1,679	176	103	-	<b>7,151</b>
Service contracts	1,269	633	352	290	69	<b>2,613</b>
Office and other equipment	208	-	-	-	-	<b>208</b>
Licenses	246	-	-	-	-	<b>246</b>
Legal	28	-	-	-	-	<b>28</b>
Other – capital projects	394	-	-	-	-	<b>394</b>
<b>Total</b>	<b>7,338</b>	<b>2,312</b>	<b>528</b>	<b>393</b>	<b>69</b>	<b>10,640</b>

## 11. Tangible Capital Assets

### (a) 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
<b>Cost</b>							
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	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>7,957</b>	<b>4,299</b>	<b>6,477</b>	<b>67</b>	<b>7,204</b>	<b>525</b>	<b>26,529</b>
<b>Accumulated Amortization</b>							
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	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>(2,748)</b>	<b>(3,901)</b>	<b>(4,678)</b>	<b>(42)</b>	<b>(6,168)</b>	<b>-</b>	<b>(17,537)</b>
<b>Net Book Value</b>	<b>5,209</b>	<b>398</b>	<b>1,799</b>	<b>25</b>	<b>1,036</b>	<b>525</b>	<b>8,992</b>

(b) Tangible Capital Asset Schedule - March 31, 2019

<i>(in thousands of dollars)</i>	Buildings	Furniture and Equipment	Specialized Equipment	Vehicles	Computer Hardware and Software	Work in Progress	2019 Total
<b>Cost</b>							
Opening Balance	5,085	4,015	5,071	67	6,519	529	21,286
Additions	-	126	197	-	231	1,292	1,846
Disposals	-	-	-	-	(2)	-	(2)
Transfers	-	-	57	-	219	(276)	-
Write-Downs	-	-	-	-	-	-	-
Closing Balance	<b>5,085</b>	<b>4,141</b>	<b>5,325</b>	<b>67</b>	<b>6,967</b>	<b>1,545</b>	<b>23,130</b>
<b>Accumulated Amortization</b>							
Opening Balance	(2,577)	(3,605)	(3,870)	(22)	(4,718)	-	(14,792)
Amortization	(74)	(161)	(418)	(10)	(741)	-	(1,404)
Disposals	-	-	-	-	1	-	1
Write-Downs	-	-	-	-	-	-	-
Closing Balance	<b>(2,651)</b>	<b>(3,766)</b>	<b>(4,288)</b>	<b>(32)</b>	<b>(5,458)</b>	<b>-</b>	<b>(16,195)</b>
<b>Net Book Value</b>	<b>2,434</b>	<b>375</b>	<b>1,037</b>	<b>35</b>	<b>1,509</b>	<b>1,545</b>	<b>6,935</b>

### (c) Work in progress

Assets under construction totalling approximately \$0.5 million (\$1.5 million at March 31, 2019) 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. The replacement value of the library collection is estimated to be \$33 million as of the last appraisal on September 15, 2019.

### (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 \$83.0 million (\$77.4 million in fiscal 2019) is net of \$0.8 million (\$0.6 million in fiscal 2019) 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>Operating</b>	<b>2020 Capital</b>	<b>Total</b>	<b>Operating</b>	<b>2019 Capital</b>	<b>Total</b>
Appropriations	83,015	6,174	<b>89,189</b>	77,408	4,378	<b>81,786</b>
Net cost of operations	(76,332)	-	<b>(76,332)</b>	(72,575)	-	<b>(72,575)</b>
Capital acquisitions	-	(3,401)	<b>(3,401)</b>	-	(1,846)	<b>(1,846)</b>
<b>Unused Appropriations</b>	<b>6,683</b>	<b>2,773</b>	<b>9,456</b>	<b>4,833</b>	<b>2,532</b>	<b>7,365</b>

### 13. Miscellaneous Revenue

<i>(in thousands of dollars)</i>	Budget	Actual	
	2020	2020	2019
Parliamentary Dining Room	599	600	653
Parliamentary Gift Shop	100	152	179
Recovery of prior year's expenses	-	34	21
Constituency Office Allowance recoveries	-	-	61
Lease revenue	68	73	70
Other miscellaneous revenue	-	2	3
<b>Total</b>	<b>767</b>	<b>861</b>	<b>987</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. At the close of 2019-20, operating hours for both the Parliamentary Dining Room and the Parliamentary Gift Shop were reduced due to security and public health considerations resulting from the COVID-19 (coronavirus) pandemic.

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

In fiscal 2020, \$34 thousand (\$21 thousand in fiscal 2019) 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>	Budget	Actual	
	2020	2020	2019
Salaries and benefits	46,561	43,776	41,137
Members' allowances and expenses	21,776	20,928	20,333
Operating expenses	13,173	10,726	10,251
Amortization expense	1,800	1,344	1,404
Cost of goods sold	452	419	437
Other expenses	20	-	-
<b>Total</b>	<b>83,782</b>	<b>77,193</b>	<b>73,562</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 totalling \$116 thousand (\$124 thousand in 2019), the cost of food and beverages sold in the Parliamentary Dining Room totalling \$243 thousand (\$249 thousand in 2019), and the cost of educational resources distributed totalling \$60 thousand (\$64 thousand in 2019).

### c) Other expenses

Other expenses represent grants budgeted but not awarded.

## 15. Accumulated Surplus

<i>(in thousands of dollars)</i>	2020	2019
<b>Accumulated surplus - beginning of year</b>	8,101	7,719
Acquisition of tangible capital assets	3,401	1,846
Loss on disposal of tangible capital assets	2	(1)
Amortization of tangible capital assets	(1,344)	(1,404)
Acquisition of inventories held for use	77	53
Acquisition of prepaid expenses	1,189	1,270
Consumption of inventories held for use	(60)	(64)
Use of prepaid expenses	(1,254)	(1,318)
Annual surplus	2,011	382
<b>Accumulated surplus - end of year</b>	<b>10,112</b>	<b>8,101</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(l)). 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.

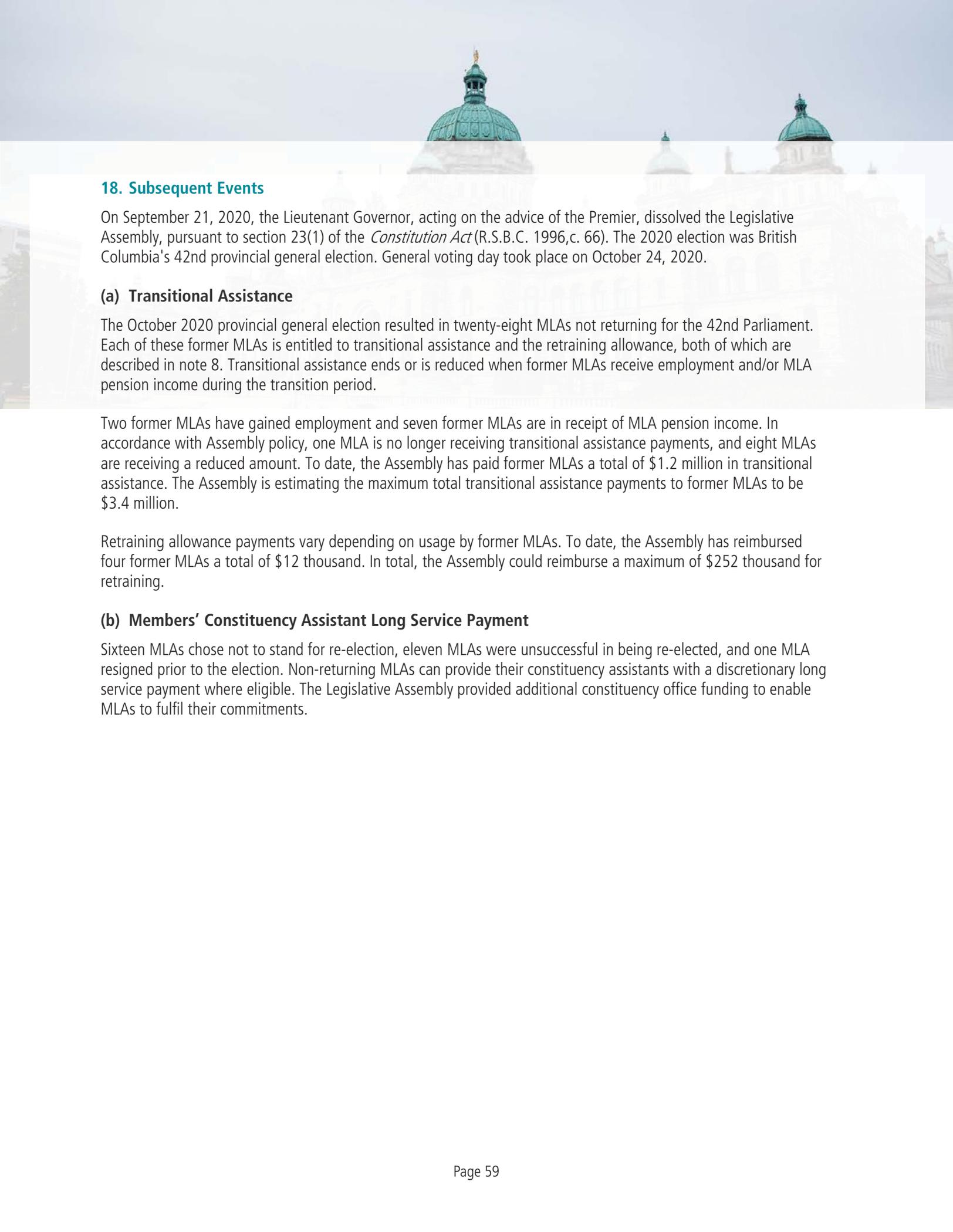
The Legislative Assembly is self-insured. Any damage to Legislative Assembly property or equipment is paid for out of the Legislative Assembly's operating and capital budgets.

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 heating services provided by the Ministry of Citizens' Services.



## 18. Subsequent Events

On September 21, 2020, the Lieutenant Governor, acting on the advice of the Premier, dissolved the Legislative Assembly, pursuant to section 23(1) of the *Constitution Act* (R.S.B.C. 1996, c. 66). The 2020 election was British Columbia's 42nd provincial general election. General voting day took place on October 24, 2020.

### (a) Transitional Assistance

The October 2020 provincial general election resulted in twenty-eight MLAs not returning for the 42nd Parliament. Each of these former MLAs is entitled to transitional assistance and the retraining allowance, both of which are described in note 8. Transitional assistance ends or is reduced when former MLAs receive employment and/or MLA pension income during the transition period.

Two former MLAs have gained employment and seven former MLAs are in receipt of MLA pension income. In accordance with Assembly policy, one MLA is no longer receiving transitional assistance payments, and eight MLAs are receiving a reduced amount. To date, the Assembly has paid former MLAs a total of \$1.2 million in transitional assistance. The Assembly is estimating the maximum total transitional assistance payments to former MLAs to be \$3.4 million.

Retraining allowance payments vary depending on usage by former MLAs. To date, the Assembly has reimbursed four former MLAs a total of \$12 thousand. In total, the Assembly could reimburse a maximum of \$252 thousand for retraining.

### (b) Members' Constituency Assistant Long Service Payment

Sixteen MLAs chose not to stand for re-election, eleven MLAs were unsuccessful in being re-elected, and one MLA resigned prior to the election. Non-returning MLAs can provide their constituency assistants with a discretionary long service payment where eligible. The Legislative Assembly provided additional constituency office funding to enable MLAs to fulfil their commitments.