

Legislative Assembly Management Committee

Accountability Report 2016-17



LEGISLATIVE ASSEMBLY
of BRITISH COLUMBIA

AUGUST 2018

THIRD SESSION
41st PARLIAMENT

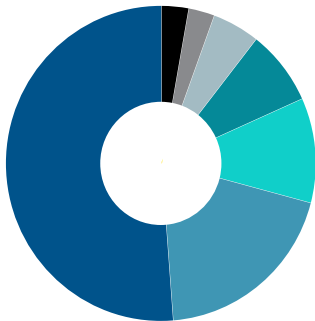
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Financial and Operational Highlights 2016-17

Budgeted Net Cost of Operations:
\$69.6 million

Actual Net Cost of Operations:
\$64.2 million



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

- 85** MEMBERS OF THE LEGISLATIVE ASSEMBLY (+2)
- 48** SITTING DAYS
- 28** BILLS ADOPTED
- 10** ACTIVE PARLIAMENTARY COMMITTEES

KEY INITIATIVES

- Members' Post-Election Orientation
- Centralization of Constituency Office Expenses
- New Public Consultation portal
- Expanded Parliamentary Educational Programs

284,343
Visitors to the Parliament Buildings

1,204
Participants in Parliamentary Committee Consultations

83,274
Legislative Assembly Tour Participants

577
Broadcast Hours for Parliamentary Proceedings (audio and video)

The Legislative Assembly Management Committee serves as the Assembly's management board.
Guiding Principles: Openness, Transparency and Accountability

Supporting the People's House

April 2018

To the Honourable Legislative Assembly of the Province of British Columbia

Honourable Members:

The May 9, 2017 provincial general election ushered in historic changes in British Columbia. 27 new Members were elected – about one third of the Assembly's 87 Members – along with the province's first minority government since 1952.



On Canada Day this year, an estimated 60,000 people gathered on the grounds of the Legislative Assembly – the People's House – to celebrate the 150th anniversary of Canada's Confederation, joining citizens in events throughout British Columbia and Canada. One month later, communities across our province marked B.C. Day and our province's entry into Confederation in 1871 with parades, fireworks and music, including 40,000 people in front of the Legislative Assembly.

The Assembly strengthened its engagement programs for the over 280,000 visitors who come to the Parliament Buildings every year. Parliamentary education activities and support to Members were expanded for educational outreach activities. New and re-elected Members received elementary and secondary school classroom kits to engage students in their constituencies. A "Governance and Beyond" pilot project was launched in partnership with the Royal BC Museum to educate elementary students about our democratic governance. Spring Break Camps at the Assembly were initiated for elementary students on democracy and the work of the Assembly.

It is an honour to serve as Speaker, and as Chair of the Legislative Assembly Management Committee. The Committee's financial and administrative decisions support the work of the Legislative Assembly and all of its Members. In November 2017, the Committee began consideration of funding arrangements for the new Parliament, received an update on the implementation of the centralization of constituency office expenses project to streamline administration and enhance accountability, and approved the independently audited Financial Statements of the Assembly for the 2016-17 fiscal year. In December 2017, the Committee approved the Assembly's 2018-19 budget, which takes into account the need to exercise continued fiscal restraint, improve services to Members, and implement strategic priorities regarding Assembly operations.

I am pleased to present the Committee's *Accountability Report 2016-17* outlining its financial and administrative work and its priorities for serving the Legislative Assembly and its Members in the year ahead.

Respectfully submitted on behalf of the Committee,

Honourable Darryl Plecas
Speaker of the Legislative Assembly of British Columbia

Serving a New Parliament

This has been a year of change and continuity for the staff of the Legislative Assembly.

We are proud to have served the Assembly and its Members in their transition to BC's 41st Parliament. Over the past year, new initiatives to engage Members on parliamentary facilities, information technology, and constituency office needs enabled us to meet the evolving requirements of the Assembly and Members in the new Parliament. We expanded use of new technologies to deliver Assembly transition services, including a renewed *Members' Orientation 2017* website, and provided open houses and in-depth briefings for Members and their staff on administrative services and legislative procedures.



The Assembly has moved ahead in implementing a December 2016 decision by the Legislative Assembly Management Committee to establish centralized expense processing for Members' constituency offices. A Steering Committee of Members and Assembly staff is overseeing the work to launch this project, which was fully implemented on April 3, 2018.

This year's *Accountability Report* provides information on the Assembly's environmental sustainability activities across its facilities and operations. These activities support an environmental program which improves building and energy efficiency, reduces waste and landfill diversion impacts, decreases water consumption, promotes biodiversity, and encourages environmentally sustainable practices by Members and staff.

The Assembly is also strengthening its emergency preparedness and business continuity planning. Assembly staff updated plans to ensure the continuity of Legislative Assembly operations during an emergency, and participated in a committee of Deputy Ministers on Continuity of Government to provide continued governance and program operations across the public sector. Partnerships with public sector stakeholders were strengthened and regular contingency testing was undertaken to ensure the maintainance of business operations in the event of emergency situations.

Going forward, Assembly staff will support the Committee in completing the centralization of constituency office expenses project, enhancing long-term capital planning for the Parliamentary Precinct, strengthening digital and information management and financial and administrative processes, and providing the Assembly and its Members with programs and services to help them meet their responsibilities on behalf of British Columbians.

Craig James
Clerk of the Legislative Assembly of British Columbia

Members*



Hon. Darryl Plecas, MLA
Abbotsford South
Speaker and Chair



Gary Begg, MLA
Surrey-Guildford
Government Caucus Whip



Jagrup Brar, MLA
Surrey-Fleetwood
Government Caucus Chair
(From June 22, 2018)



Michael de Jong, Q.C., MLA
Abbotsford West
Official Opposition House Leader
(To February 10, 2018)



Hon. Mike Farnworth, MLA
Port Coquitlam
Government House Leader



Sonia Furstenau, MLA
Cowichan Valley
Third Party House Leader



Leonard Eugene Krog, MLA
Nanaimo
Government Caucus Chair
(To June 22, 2018)



Mary Polak, MLA
Langley
Official Opposition House Leader
(From February 10, 2018)



Janet Routledge, MLA
Burnaby North
Deputy Government Whip



Jackie Tegart, MLA
Fraser-Nicola
Official Opposition Caucus Chair

Legislative Assembly Executive Staff

Craig James, Clerk of the Legislative Assembly of British Columbia

Kate Ryan-Lloyd, Deputy Clerk and Clerk of Committees

Gary Lenz, Sergeant-at-Arms

Hilary Woodward, Executive Financial Officer

**Committee membership in 2016-17: Hon. Linda Reid, MLA, Richmond East, Speaker and Chair; Hon. Michael de Jong, Q.C., MLA, Abbotsford West, Government House Leader; Mike Farnworth, MLA, Port Coquitlam, Opposition House Leader; Eric Foster, MLA, Vernon-Monashee, Government Caucus Whip; Shane Simpson, MLA, Vancouver-Hastings, Official Opposition Caucus Chair; and Jackie Tegart, MLA, Fraser-Nicola, Government Caucus Chair.*

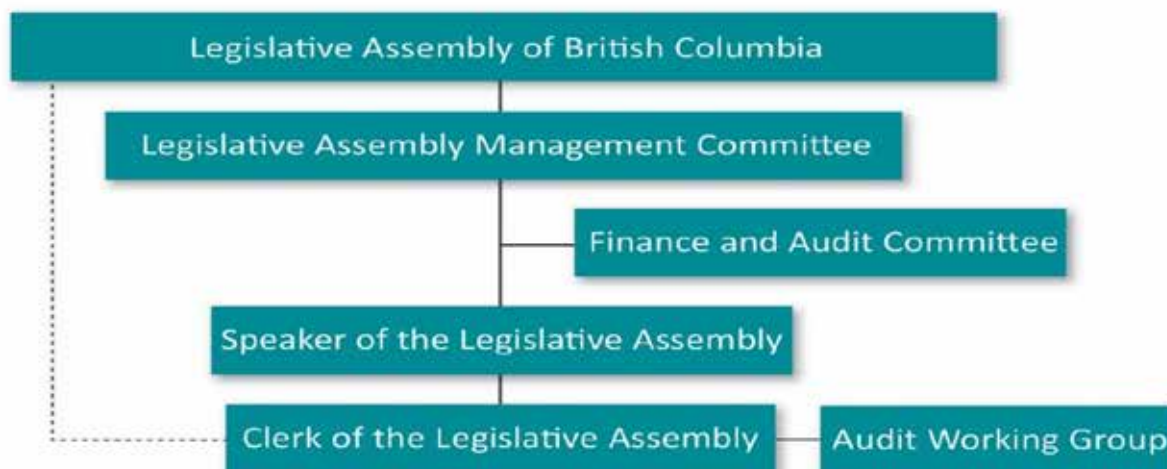
Governance of the Legislative Assembly

Legislative Assembly Management Committee

The [Legislative Assembly Management Committee Act](#) was adopted by the Legislative Assembly in 1992, establishing an all-party Legislative Assembly Management Committee (the Committee) as the Assembly's parliamentary management board. Chaired by the Speaker of the Legislative Assembly, the Committee is responsible for the Assembly's general administration and finances.

The following governance structure provides financial management and administrative oversight, including an advisory Finance and Audit Committee, and accountability and transparency for the management of taxpayer funds.

Legislative Assembly Governance Structure



Finance and Audit Committee

The Finance and Audit Committee is an advisory sub-committee reporting to the Legislative Assembly Management Committee on financial and administrative matters. It is comprised of the Speaker, the government and opposition Caucus Chairs, the Third Party House Leader, and the Clerk of the Legislative Assembly.

Speaker of the Legislative Assembly

The Speaker of the Legislative Assembly is elected by its Members to serve as the Presiding Officer and Chair of the Legislative Assembly Management Committee. Under the Committee's direction, the Speaker is responsible for the day-to-day administration of the Assembly, the provision of security within the Legislative Precinct, and the management of the use of the Legislative Precinct.

Clerk of the Legislative Assembly

The Clerk of the Legislative Assembly is the senior permanent officer and procedural advisor to the Speaker and all Members. The Clerk manages the provision of professional and procedural advice and support to the Legislative Assembly Management Committee and the Finance and Audit Committee, and is responsible for the Assembly's administrative and financial operations.

Other Governance Support Bodies

Audit Working Group

The Audit Working Group is comprised of the Assembly Executive (the Clerk, the Deputy Clerk and Clerk of Committees, the Sergeant-at-Arms and the Executive Financial Officer) and Arn van Iersel, former Comptroller General and former Acting Auditor General. It supports the Legislative Assembly Management Committee and the Finance and Audit Committee with the development of information, analysis and advice to assist Members with decision-making on financial and administrative issues.

The Executive

The Assembly Executive (the Clerk, the Deputy Clerk and Clerk of Committees, the Sergeant-at-Arms and the Executive Financial Officer) meet regularly to provide strategic direction to the Assembly's administrative operations, establish strategic plans, oversee the development of priorities, and ensure that funding issues are corporately addressed.

Office of the Auditor General

The Legislative Assembly Management Committee may be assisted by the regular attendance of representatives from the Office of the Auditor General at public meetings. The Office also serves as the Assembly's external auditor, and its staff attend meetings of the Finance and Audit Committee and the Audit Working Group from time to time.

Public Information and Disclosure

The Committee follows principles of openness and transparency, with Committee meetings generally held in public, recorded by Hansard and made available on the Committee website. The Committee proactively releases materials prepared for its public deliberations, and provides these materials on the Committee website.

In-Camera Meetings

The Committee may decide to meet *in-camera* if needed. Possible *in-camera* issues include: personnel or labour matters relating to employees of an individual Member, a caucus, or the Legislative Assembly; legal issues and matters protected by privacy laws, including personal information about an identifiable individual; or matters relating to the security of Members or the Legislative Precinct.

Goals and Performance

Goal

1

The Legislative Assembly's key functions to legislate, authorize expenditures and taxes, and undertake legislative oversight are supported.

Strategic Objectives

The Legislative Assembly Management Committee sets the strategic direction for the Assembly's program areas. The following objectives serve the Legislative Assembly's key law-making, financial and oversight functions:

- That by 2017-18 the Legislative Assembly will have successfully launched the opening of the 41st Parliament after the May 2017 provincial general election, and implemented Members' orientation programs and administrative services to enable Members to effectively assume their parliamentary and constituency responsibilities in the new Parliament.
- That the Legislative Assembly's finances and administration are governed by sound and transparent management.
- That the Legislative Assembly, its parliamentary committees, and its Members are supported with advice and services which are timely, effective, and aligned with the priorities of the Assembly and its Members.

The Assembly's programs and services support these objectives in achieving the following outcomes:

- The Legislative Assembly is able to conduct its business (budget, legislative, and oversight functions) effectively.
- Parliamentary documents, including committee reports, are accurate and publicly distributed in a timely manner.

Management for the New Parliament

On May 9, 2017, British Columbians elected 87 Members to the 41st Parliament. The narrow election results also led to the province's first minority government since 1952. The Legislative Assembly adopted legislative amendments on October 25, 2017, within the *Constitution Amendment Act, 2017*, which adjusted the threshold for official party status in the Assembly to two Members, with an effective date of October 5, 2017. The legislative amendments included a consequential change to the Committee's membership provisions under the *Legislative Assembly Management Committee Act* to reflect the change in the threshold for the recognition of additional parties.

On November 29, 2017, the Committee received an update on the implementation of the centralization of constituency office expenses project to streamline administration and enhance accountability, began consideration of Caucus funding for the new Parliament, and approved the independently audited Financial Statements of the Assembly for the 2016-17 fiscal year.

In the year ahead, the Committee will advance budget plans which continue the careful stewardship of taxpayer funds, ensure essential maintenance of Assembly facilities, and provide Members with support and services to carry out their parliamentary responsibilities.

Transition Services for Members

In the May 2017 provincial general election, 27 new Members were elected – almost one third of the Assembly’s total number of 87 Members.

Members Elected in the May 9, 2017 Provincial General Election

New Members	27	31%
Re-elected Members	60	69%
Total Members	87	100%

B.C.’s provincial *Constitution Act* authorizes fixed term election dates every four years, facilitating planning to support new and departing Members after a provincial general election. The Assembly was also able to initiate preparations for the increase in the number of electoral districts in the 2017 provincial general election from 85 to 87, resulting from the Assembly’s 2015 adoption of legislation to implement the recommendations of the Electoral Boundaries Commission earlier that year. The legislation created two new electoral districts in Surrey and Richmond/New Westminster to reflect growing populations in those areas.

In advance of the 2017 provincial general election, consultations with Members and staff were undertaken to ensure that administrative policies and services met the evolving needs of the Assembly and its Members. The views of Members were also sought in the following areas:

- *Centralization of Constituency Office Expenses Processing.* A Steering Committee, consisting of Members and Assembly staff, was established to implement the Committee’s December 2016 direction to provide centralized expenses processing, accounting and reporting for Members’ constituency offices.
- *Information Technology.* A Members’ Information Technology Committee was established to determine Members’ information technology requirements after the 2017 provincial general election. Committee Members canvassed their caucus colleagues and facilitated the distribution of an online survey. The Committee’s recommendations were set out in the *Members’ Information Technology Review and Recommendations Report*, which was approved on December 1, 2016 by the Legislative Assembly Management Committee.
- *Office and Facilities Space Requirements.* The Assembly’s Legislative Facility Services Branch engaged Members and their caucuses to support a comprehensive space inventory of Assembly office accommodations and to identify relocation requirements after the provincial general election and the swearing-in of the new government.

- *Visual Identity Program*. Members were provided with guidance and support regarding the new Legislative Assembly visual identity program. Templates were developed to support a broad range of internal materials and documents.

Based on input received from Members and their staff, the Legislative Assembly enhanced orientation, information and training programs, including information on the implementation of Committee decisions regarding administrative policies and the disclosure of Members' expenses.

- *Members' Orientation 2017 Website (May 2017)*. To support Members in carrying out their post-election responsibilities and to provide the public with more insight into the management and services provided by the Legislative Assembly, the renewed Members' Orientation 2017 website was launched on the Assembly's website at: <http://members.leg.bc.ca/>
- *Members' Oath Ceremonies (June 2017)*. Before being able to take their seat in the Legislative Assembly and participate in its proceedings, Members have a choice to swear an oath of allegiance, or make a solemn affirmation. Oath ceremonies were held for all 87 Members of the Assembly through events for each of the three political parties.
- *Members' Procedural Briefings (June-August 2017)*. In-depth procedural briefings were provided to the Members of each political party caucus, covering the roles and responsibilities of Members, parliamentary debates and votes, the Assembly's legislative and financial processes, and the work of parliamentary committees.
- *Members' Orientation Open Houses (May-September 2017)*. The Assembly held three Open Houses for Members and their staff. Two Administrative Orientation Open Houses provided opportunities to meet Assembly staff and obtain information on the administrative services. A third Open House enabled Members to meet and learn more about the role of British Columbia's eight Statutory Officers and their work in supporting the Members of the Legislative Assembly and government accountability.
- *Committee of Supply Presiding Officers Briefing (September 2017)*. A procedural briefing with Presiding Officers was held to support the Assembly's intensive Committee of Supply process.
- *Constituency Office Assistants Seminar (October 2017)*. The Assembly hosted its second Constituency Office Assistants Seminar, with training on constituency office expense policies and administration, and public disclosure requirements.

In December 2016, the Committee revised provisions of the transitional assistance program for non-returning Members after a provincial general election. A revised *Transition Guide for Members of the Legislative Assembly: 2017* was released in March 2017 to assist non-returning Members with the election transition period, supplemented by briefings on financial and human resources planning. The revised guide also provides information for returning Members, and is available on the *Members' Orientation 2017* website, renamed *Members' Policy and Resources* website in early 2018.

PERFORMANCE MEASURES/INDICATORS

Measures/Indicators	2013-14* Actual	2014-15 Actual	2015-16 Actual	2016-17* Actual
Number of Legislative Assembly sitting days (fiscal year)	41	70	74	48
Number of sitting hours (Legislative Chamber and concurrent Estimates debate in committee rooms)	383	598	633	379
Number of active parliamentary committees	10	13	13	10
Number of active parliamentary committees meeting hours	153	238	243	319
Number of bills processed accurately through all stages (number of government, members', and private bills adopted annually)	8	37	38	28
Number of bills introduced	37	64	63	84
Number of parliamentary documents (<i>Orders of the Day, Votes and Proceedings, Hansard</i> transcripts, and parliamentary committee reports) accurately prepared for distribution	316	527	497	315

*Provincial general election held May 14, 2013 and May 9, 2017.

Goal 2

Effective, responsive and accountable financial management and administration.

Strategic Objectives

The Legislative Assembly Management Committee supports the following strategic objectives to serve the Legislative Assembly's financial management and administration functions:

- That by 2017-18 the Legislative Assembly has completed its major financial reform initiatives, including an updated financial/accounting system, revised financial and operating policies, an automated system for financial disclosure, and integrated constituency office expenses for improved reporting.
- That by 2017-18 the Legislative Assembly and its support functions have moved primarily to electronic documents and processes for business, with electronic approvals, e-forms, electronic document preparation, distribution and review, a commensurate reduction in printing costs, and continued integrity of parliamentary processes and information.

The Assembly's Financial Services and Human Resource Operations programs and services support these objectives in achieving the following outcomes:

- The annual financial statements of the Legislative Assembly present fairly, in all material respects, the financial position and the result of its operations.
- Members and staff are provided with timely and accurate payments consistent with approved Legislative Assembly policies.
- The public receives timely and accurate reports for Members' remuneration and travel and constituency office expenses.
- The Legislative Assembly demonstrates responsible management practices by staying within the approved budget appropriation.

Centralization of Constituency Office Expenses

The Committee resolved on December 1, 2016 to approve in principle the move to a centralized accounting system with the intention to implement the centralization of constituency office expenses in the 41st Parliament.

- *Overall Objectives.* The change is designed to streamline administration, ensure timely payments, provide consistent financial procedures, strengthen controls, implement paperless systems, and enhance reporting practices, while ensuring that Members remain in control of their constituency office spending decisions.
- *Oversight Committee.* The Centralization of Constituency Office Expenses Committee was established to oversee the project. Its members include the Speaker, who serves as Chair, Caucus Chairs and Assembly staff. The Committee is meeting regularly to oversee implementation of the project.

- *Constituency Office Portal.* In May 2017, a new constituency office portal was launched to provide Members and their staff with an Assembly intranet-based resource which provides centralized administrative guides, forms, announcements and resources related to constituency office operations (allowances, payments, financial reporting, public disclosure requirements, payroll information, security and general administration).

The centralization of constituency office expenses project was implemented in phases.

- *Phase 1 – Manual Centralization of New MLA Constituency Office Expense Processing.* The project's first phase was completed in mid-2017, providing all new MLA constituency offices with centralized payment processing performed by Financial Services staff or by using petty cash.
- *Phase 2 – Procurement of Software, and Pilot Program.* The Legislative Assembly has procured, configured, and tested a software package that will facilitate a paperless invoice transmission, approval and retention process, and integrated with accounting software already in place. A group of nine volunteer constituency offices began piloting the software in January 2018 and a second group of pilot offices used the software in February 2018. A comprehensive training and communication program has been developed, including online training sessions, daily drop-in sessions, and resources such as videos and guides.
- *Phase 3 – Full Implementation.* The full implementation of the project occurred, as planned, on April 3, 2018.

The Committee was provided with periodic status reports on the progress of the project.

Continuously Improving Financial and Business Processes

The Legislative Assembly is continuing to improve financial processes and systems in order to ensure strong financial controls across all Assembly operations.

- *Electronic Documents and Processes.* The Assembly plans to leverage “Workflow and Document Management” software purchased for the centralization of constituency office expenses project to automate the processing of Legislative Assembly branch invoices, which is currently a manual process. This will allow the Assembly to go paperless for invoice processes, while ensuring effective document management, appropriate approvals, and thorough audit records.
- *Procurement Pilot Program.* This program was underway in the fall of 2017. The Legislative Assembly procurement policy was launched, modeled on good government procurement practices. This policy aims to create consistency across Assembly branches and the awarding of contracts in a fair and competitive manner. A training program for procurement staff was established to support the implementation of the policy and the related program.
- *Internal Audits.* On October 19, 2016, the Committee approved an internal audit report titled *Internal Controls over Financial Reporting Process Documentation*, which assessed financial reporting processes and controls. It was found that strong financial reporting processes and controls were in place. The report also recommended the implementation of a procurement policy, which has been addressed as noted above. A report titled, *Review of Telecommunications Goods and Services Contracts*, was also approved, with an analysis of telecommunications goods and services contracts. It confirmed that a strong governance and oversight framework is in place for such contracts which provide good value for money,

and identified opportunities for cost savings and efficiencies. The Committee is provided with regular updates on the implementation status of the internal audit report recommendations.

Prudent Budgeting and Transparent Financial Reporting

The Legislative Assembly advanced responsible management practices to deliver prudent budgeting and stay within the approved budget appropriation, and to provide Members and British Columbians with timely, effective and transparent financial reporting.

- *Budget Management.* The Committee approved the Legislative Assembly's 2017-18 budget on December 1, 2016, and its 2018-19 budget on December 13, 2017. Both budgets take into account the need to exercise continued fiscal restraint, improve services to Members, and implement strategic priorities regarding Assembly operations.
- *Expenditure Oversight.* To ensure ongoing expenditure oversight, on December 1, 2016, the Committee granted delegated authority to the Finance and Audit Committee to approve any unbudgeted or unanticipated operating expenditures within the fiscal year, up to a maximum of \$25,000.
- *Independent Audit of the Legislative Assembly's Financial Statements.* On November 29, 2017, the Committee approved the Assembly's Financial Statements for the 2016-17 fiscal year as independently audited by the Assembly's external auditor, the Office of the Auditor General. The Auditor General issued a fourth consecutive clean audit opinion. The Financial Statements and audit opinion as well as a supplemental Management Discussion and Analysis document are included as part of this report.
- *Transparent Reporting.* The Assembly continued its practice of transparency by publicly posting Members' compensation, constituency office, travel, and committee expense reports and accompanying receipts. In addition, quarterly financial reports were reviewed by the Committee and posted online. In the year ahead, the Committee will oversee the continuation of work to modernize the Assembly's financial and business practices in order to strengthen administrative efficiencies, promote openness and transparency, and provide accountability to British Columbians.

In the year ahead, the Assembly will continue its practices of transparent financial reporting and prudent budget management.

Changes in Human Resource Operations

Human resource policies and programs were updated using new technologies to improve service to the Legislative Assembly, Members, staff and British Columbians.

- *Better Communications and Public Engagement.* The "Working Here" portal on the Assembly's website was expanded to provide more information and resources for prospective employees.
- *Operational Efficiencies through Information Management.* To improve efficiencies and support the move to primarily paperless systems, the Assembly shifted to electronic systems and files to improve benefits administration, and developed a human resources module to provide online access to employee data and better reporting.
- *Updated Policies and Documentation.* A review of human resource policies was launched to modernize

practices and provide consistent documentation across all administrative systems.

- *Training and Development Initiatives.* Respectful workplace training was enhanced to cover new employees, procurement staff training was developed in partnership with the BC Public Service Agency, and technical training programs were strengthened across Assembly departments.
- *New Employee Orientation Sessions.* Orientation sessions for new Assembly employees were launched to provide an overview of Assembly operations and administrative procedures. Three sessions were held in the summer and fall of 2017 and early 2018.

PERFORMANCE MEASURES/INDICATORS

Measures/Indicators	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Target
The external auditor has provided an unqualified (unmodified) opinion on the Financial Statements (Yes or No)	Yes	Yes	Yes	Yes	Yes
Percentage of expense disclosure (Members' travel and constituency office expenses, parliamentary committee travel, and executive travel released within three months of the close of the quarterly reporting period)	N/A	100%	100%	75%*	75%*
The Legislative Assembly has maintained expenditures within its annual budget appropriation (Yes or No)	Yes	Yes	Yes	Yes	Yes

*The quarterly release dates for the fourth quarter of 2016-17 and the first quarter of 2017-18 were extended by two months and two weeks, respectively, as a result of the added time pressures arising from the May 2017 provincial general election and change in government.

Goal



Members and British Columbians are well-informed about the work of their Legislative Assembly.

Strategic Objectives

The Assembly is increasing the availability of parliamentary information by using technology to support cost-effective initiatives such as digitizing information, and using the Assembly's website and social media to engage stakeholders and gather input for parliamentary committee inquiries.

The Legislative Assembly Management Committee supports the following strategic objective to serve the Legislative Assembly's parliamentary information functions:

- That the public outreach of the Legislative Assembly be improved through the innovative use of new technologies, and enhanced electronic public access to Assembly documents, reports, and proceedings.

The Assembly's Parliamentary Committees Office, Hansard, Parliamentary Education Office and Information Technology Branch programs and services support this objective in achieving the following outcomes:

- Members and British Columbians receive sufficient and appropriate information to be well informed about the work of the Assembly and its parliamentary committees.
- Members and British Columbians have appropriate access to the work of the Legislative Assembly, including parliamentary and committee proceedings.

Information Technology Support for Members

The Committee's December 1, 2016 decision to adopt the report titled, *Members Information Technology Review and Recommendations: Productivity, Flexibility and Efficiency in the 41st Parliament*, provided a framework for addressing Members' evolving information technology requirements in the new Parliament.

- *New Information Technology Hardware for Members and Staff.* Following the May 2017 provincial general election, Assembly staff provided Members with new mobile devices and information technology hardware for their offices in the Parliament Buildings and their constituencies.

Parliamentary Information Initiatives

The Assembly strengthened support to parliamentary committees for their engagement of British Columbians.

- *Parliamentary Committees Consultation Portal.* A new consultation portal on the Assembly's website was launched to streamline public consultations undertaken by parliamentary committees, with integrated processes for stakeholder and citizen registrations, the provision of written submissions, and the use of online surveys.

Parliamentary information services were renewed to enhance services to Members.

- *New MLA Educational Resource Guide.* This Guide was developed for all Members to assist them in constituency outreach activities, and an Open House was held in September 2017 to provide information support and services for Members.
- *Parliamentary Education Kits.* New and re-elected Members also received orientation kits with elementary and secondary school classroom materials and educational resources to engage students in their constituencies.
- *Legislative Library Information.* The Legislative Library distributed informational brochures to Members and their staff, outlining reference services, support on current issues awareness, and records management. Library staff also provided Members and staff with tours of the Library and its services, and ensured the distribution of local news products to Members' offices.

The Assembly strengthened its parliamentary education programs for the more than 280,000 visitors who come to the Parliament Buildings every year.

- *Themed Tours.* New themed tours of the Parliament Buildings were developed throughout the year, including BC Day, Victoria Day, Canada Day and Canada 150, women's political history in the province, civic studies, comparative government, law-making, and architecture of the Parliament Buildings.
- *Women's History Month.* October Women's History Month displays in the Parliament Buildings focused on the contribution of women to the development of democracy in the province.
- *Seniors' Tea and Tour.* Special tea and tour programs were offered to seniors. This program includes a light breakfast in the Parliamentary Dining Room followed by a tour of the building with a costumed parliamentary player.

Parliamentary education activities were advanced to serve educators and students of different ages.

- *BC Youth Parliament.* The Committee agreed on December 1, 2016 to provide a financial grant for the BC Youth Parliament, subject to certain conditions.
- *BC Teachers' Institute.* The BC Teachers' Institute on Parliamentary Democracy was adapted to facilitate lesson planning for teachers in the context of new curriculum requirements.
- *BC Legislative Internship Program.* The Assembly expanded its internship program for university graduates from 10 students to 12. The program enables Canadian university graduates to supplement their academic training by observing the daily workings of the Legislature first-hand and by providing Members with additional assistance during the parliamentary session.
- *High School Students.* A partnership with Reynolds High School in Victoria was developed for parliamentary democracy opportunities, including a mock Parliament, a panel with Members, and information on parliamentary committee inquiries.
- *8th Commonwealth Youth Parliament.* The Assembly hosted 52 youth parliamentarians from 22 countries - the first time this annual event has been held in Canada. Ten Canadian youth delegates from the following jurisdictions also participated: Alberta, British Columbia, New Brunswick, Northwest Territories, Ontario (provincial and federal), Prince Edward Island, and Quebec.

- *Elementary School Students.* A “Governance and Beyond” pilot project for elementary students was launched in partnership with the Royal BC Museum to educate students about democratic institutions and the integration of Indigenous governance.
- *Spring and Summer Break Camps for Elementary Students.* Spring Break Camps at the Assembly were initiated for elementary students and accompanying adults during the school spring break and summer break periods, with 1.5 hour sessions on democracy and the work of the Assembly. Based on its success Summer Break Camps were also offered for additional weeks in July and August.

PERFORMANCE MEASURES/INDICATORS

Measures/Indicator	2013-14* Actual	2014-15 Actual	2015-16 Actual	2016-17* Actual
Number of visitors to the Parliament Buildings	**	273,319	265,876	284,343
Number of visitors who participated in a Legislative Assembly tour of the Parliament Buildings	86,701	87,080	88,397	83,274
Total number of web pages viewed***	**	7,412,344	7,274,490	6,853,362
Total number of visits to the website***	**	1,769,106	1,344,536	654,202
Annual number of broadcast hours for parliamentary proceedings (audio and video)	536	789	810	577
Number of British Columbians who participated in parliamentary committee consultations (number of presentations, submissions, and applications)	757	3,435	1,435	1,204
Number of library information requests received from Members and Legislative Assembly staff	**	**	2,246	2,445
Percentage of Library resources (books, publications, and databases) that are available to Members in digital formats	**	**	35%	37%
Number of participants in parliamentary education workshops	365	400	529	553

* Provincial general elections held May 14, 2013 and May 9, 2017.

** Information not available.

*** Following the launch of the new Assembly website in October 2015, tracking of web pages and site visits counts were adjusted.

Goal



A safe and secure environment for Members, staff and citizens.

Strategic Objectives

The Legislative Assembly Management Committee supports the following strategic objectives to enable the Assembly and its Members to carry out their functions of holding government to account and scrutinizing legislation, taxation, and spending initiatives:

- That Members, their parliamentary and constituency office staff, and Assembly staff are afforded a secure and accessible environment in which to conduct their business.
- That a robust business continuity, earthquake preparedness, and disaster recovery program is implemented and maintained.
- That a detailed space inventory of the Legislative Assembly is undertaken, including the space needs of the Assembly and its Members, as an initial step towards the development of a comprehensive multi-year Parliament Buildings renewal plan by 2017-18.
- That by 2018-19, the Legislative Assembly has developed and implemented a sustainability program based on public sector best practices including targets for the environmentally responsible management of its facilities and operations.

The Assembly's security and facilities functions and services support these objectives in achieving the following outcomes:

- Members, staff and visitors are able to safely conduct their business within the Parliamentary Precinct and at constituency offices without disruption.
- The Legislative Assembly is prepared for a significant business interruption (e.g., a systems failure, terror threat, or earthquake).

Facilities Services for the Assembly and Members

On December 1, 2016, the Committee discussed the replacement of the front driveway, including electrical and drainage infrastructure upgrades. It was agreed that the Committee examine this project in conjunction with other priority capital projects for the next fiscal year. The Committee also agreed to consider options regarding planning for the renovation or replacement of the Armouries Building. Follow-up work was launched on the development of capital project proposals, budgets and implementation plans for consideration by the Committee in the new Parliament.

Assembly staff completed a detailed space inventory and relocation project to support the new Parliament.

- *Office Space for Members.* To respond to space inventory pressures within the Parliament Buildings, a project was undertaken to convert the basement floor of the Legislative Library into new office space for Members and their staff.

- *Office Furniture and Equipment Refresh.* To replace old and damaged furniture and equipment, a furniture and office equipment refresh was carried out based on an inventory and condition assessment of existing equipment, which included a process for replacement or repurposing of existing assets.
- *Office Relocations.* Following the May 2017 provincial general election and government transition, Assembly staff completed a series of office moves to accommodate Members and Caucuses.

Security Services

Assembly staff carried out initiatives to maintain a safe and secure environment throughout the Parliamentary Precinct for the Members, staff, visitors and citizens.

- *Event Plans.* Specific event plans were developed to include security and safety arrangements for major public events such as Canada Day 150, and the September 2016 Royal Visit.
- *Partnerships with Security Organizations.* The Assembly continued to strengthen cooperation and information sharing arrangements with security organizations.
- *Assembly Staff Training Programs.* Security training was enhanced to cover existing and emerging security concerns, including equipment, critical incidents crisis intervention, and collaboration with external stakeholders.

Environmentally Sustainable Activities

The Assembly is advancing environmentally responsible activities reflecting public sector best practices across its facilities and operations. These activities support an environmental program which improves building and energy efficiency, reduces waste and landfill diversion impacts, decreases water consumption, promotes biodiversity, and encourages environmentally sustainable practices by Members and staff. Reporting on the Assembly's environmentally sustainable activities will be developed further in the next *Accountability Report*.

- *Paper Reduction.* Paper reduction efforts, such as the Assembly's electronic documents and human resource information management processes, constituency office expenses centralization, and document management and workflow software, are streamlining administration and reducing paper consumption. The Assembly will monitor paper usage and identify further ways to reduce this in the year ahead.
- *Energy Efficient Lighting.* Aging and inefficient incandescent and fluorescent lighting across the Parliamentary Precinct is being replaced with energy efficient/LED lights which have longer lifespans and higher energy efficiencies, allowing the Assembly to reduce energy costs and usage.
- *Protecting Parliamentary Precinct Greenspaces.* The use of ecologically sustainable products avoids harmful pesticides and other chemicals which degrade soil, pollute water, and pose health risks to users of the Parliamentary Precinct grounds.
- *Electric Vehicle Charging Stations.* Electric vehicle charging stations were introduced in 2017 on the Parliamentary Precinct to support Members and staff in their decisions to use energy efficient vehicles.
- *Sustainable Public Transportation.* The Assembly supports public transit bus pass programs for Members and staff in the greater Victoria area, by offering a reduced rate and bi-weekly payroll deductions. It also assists public transit operators with access to washroom facilities on the Parliamentary Precinct.

- *Bicycle Racks.* Bike racks and a secure bike lock-up facility are located on the Parliamentary Precinct grounds to encourage cycling to work by Members and staff.

Emergency Preparedness and Business Continuity Planning

The Assembly is advancing its emergency preparedness and business continuity planning in partnership with public sector stakeholders.

- *Continuity of Legislative Assembly and Government Operations.* Assembly staff updated plans to ensure the continuity of Legislative Assembly operations during an emergency, and participated in a Committee of Deputy Ministers on Continuity of Government to provide continued governance and program operations across the public sector.
- *Contingency Planning and Testing.* Regular testing of business continuity plans, training, and procurement of equipment and supplies was undertaken to ensure the continuity of business operations in the event of emergency situations.
- *Sustaining Partnerships with Emergency Preparedness Stakeholders.* The Sergeant-at Arms maintained ongoing relationships with national, provincial, municipal police and security authorities, with up-to-date protocols and authorities to ensure effective collaboration and coordination in the event of emergency situations.
- *Collaboration with Other Parliamentary Jurisdictions.* The Assembly continued its regular use of exchanges and fact-finding visits to other parliamentary jurisdictions that have implemented emergency preparedness and business continuity programs in order to reinforce good practices and strengthen existing programs.

PERFORMANCE MEASURES/INDICATORS

Measures/Indicators	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Target
The precinct security plan is up to date and has been tested within the year (Yes or No)	N/A	Yes	Yes	Yes	Yes
The annual total number of business continuity plan test exercises*	N/A	2	2	2	2

*Testing included establishing an alternative command post, for use in the event of an emergency, using readily accessible equipment stored in a secure location.

Management Discussion and Analysis

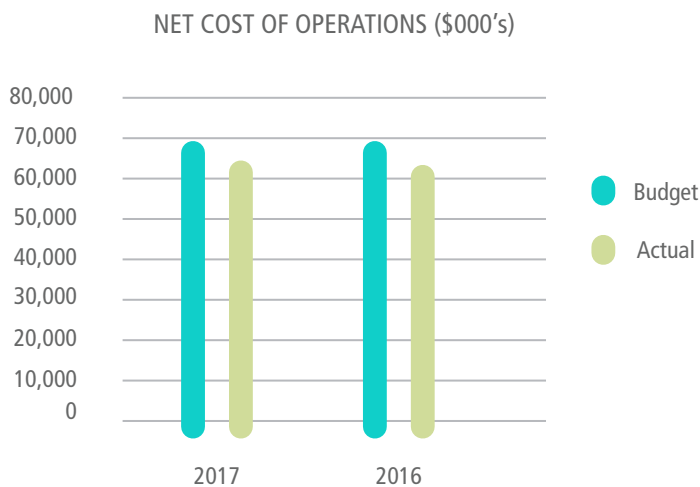
For the year ended March 31, 2017

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 2017 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, 2017. 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

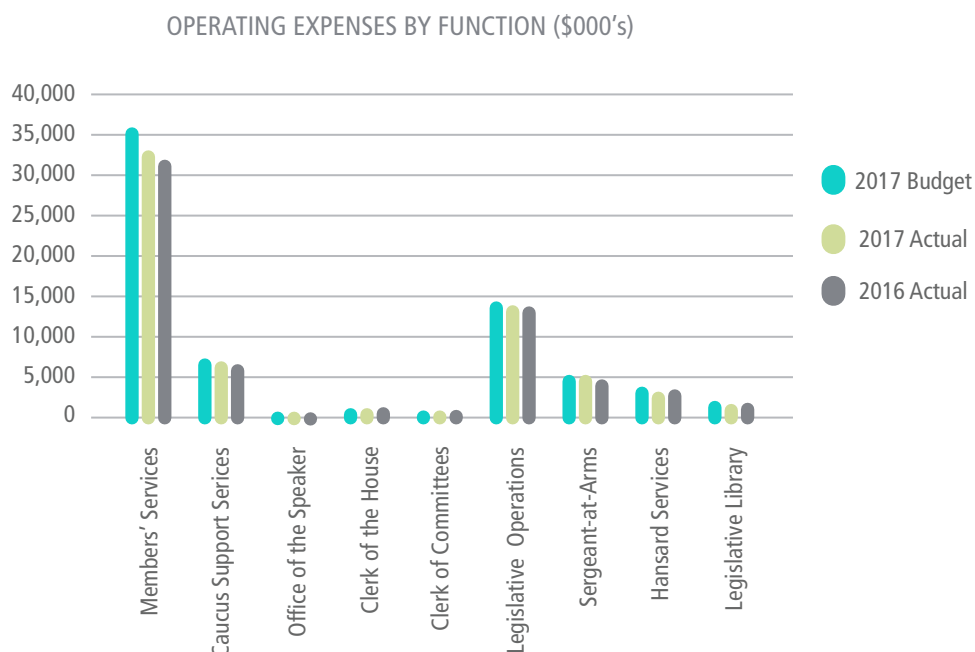
The Legislative Assembly's net cost of operations for 2017 was \$64.2 million (\$63.7 million in 2016) which was \$5.4 million (\$5.9 million in 2016) lower than the budget of \$69.6 million (same in 2016). Of the \$2.4 million capital budget (\$2.8 million in 2016), the Legislative Assembly incurred \$1.0 million in capital expenditures (\$1.5 million in 2016).



In 2017, the Legislative Assembly reported a deficit of \$280 thousand (surplus of \$287 thousand in 2016). As explained in note 15 of the Financial Statements, there is a timing difference between the recognition of revenue and expenses related to non-financial assets (tangible capital assets, prepaid expenses, and inventories held for use). As such, these results should not be interpreted as positive or negative.

Operating Expenses by Function

Total 2017 expenses were \$65.1 million, an increase of \$791 thousand from the \$64.3 million spent in 2016, and \$5.1 million less than budgeted. Expenses were lower than budgeted in all areas, but primarily in Members' Services, Legislative Operations, Hansard Services, and the Legislative Library.

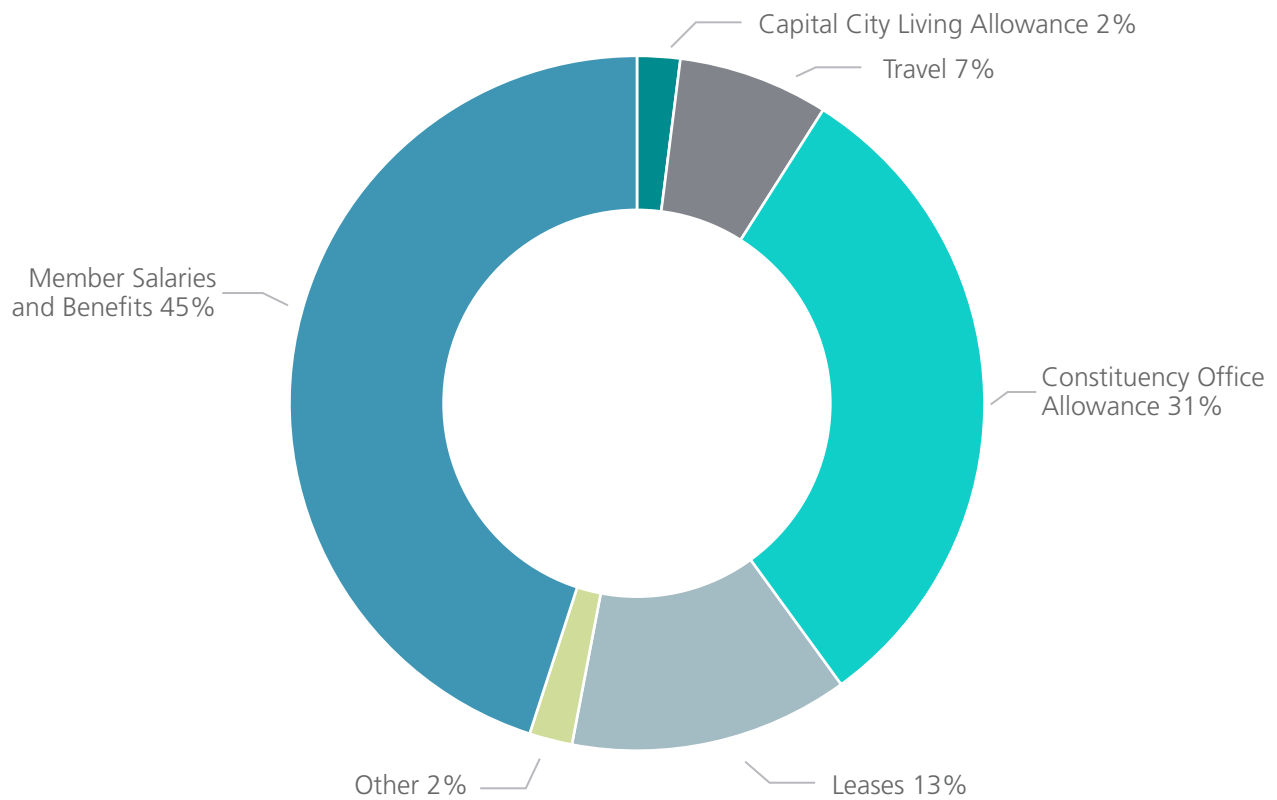


Members' Services consists of all expenses relating to Members of the Legislative Assembly (Members) and their constituency offices. The largest component is Members' salaries and benefits at 45% of the Members' Services budget, followed by the annual constituency office allowance for each office of \$119,000 (increasing to \$134,835 for fiscal 2018 as a result of a December 1, 2016 decision made by the Legislative Assembly Management Committee) at 31% of the Members' Services budget.

Members' Services expenses were budgeted to be \$36.1 million. Actual expenses were \$33.3 million in 2017 (\$32.7 million in 2016) and \$2.8 million lower than budget. The under spend was primarily a result of a lower than expected increase to Members' salaries and benefits (Members' salaries are tied to inflation as measured by the BC Consumer Price Index) and less sitting days than expected, resulting in lower travel costs, and there being fewer active parliamentary committees than were budgeted for.

The Government Caucus and the Opposition Caucus, along with Independent Members, receive 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

COMPOSITION OF 2017 MEMBERS' SERVICES EXPENSES



in annual expenses and budgets within each Parliament. Caucus Support Services expenses were \$210 thousand higher in 2017 than in the previous year. This is explained by the fact that in 2016, two seats were temporarily vacated and then subsequently filled as a result of by-elections in that year.

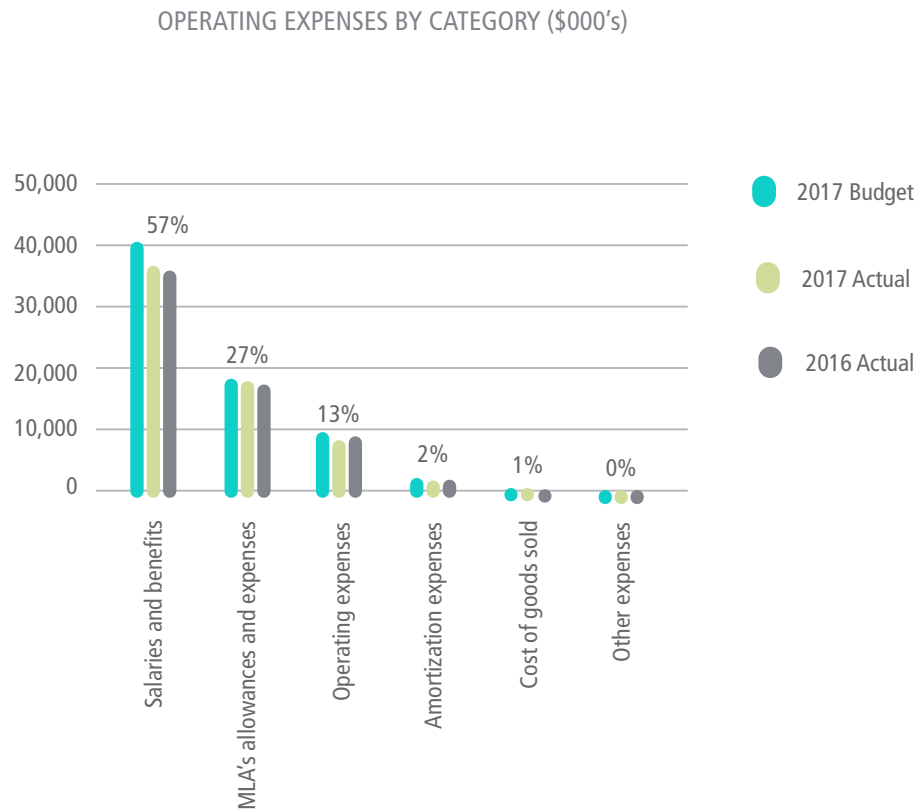
Legislative Operations expenses were \$1.3 million under budget in 2017 as a result of unused consulting funds, unfilled staff positions, a reduction in steam heating and irrigation costs, and unspent contingency funds.

Hansard Services and Legislative Library expenses were \$502 thousand and \$282 thousand under budget respectively, partially as a result of temporarily vacant positions. In addition, the number of sitting days decreased by 27 in 2017 to 47 (74 in 2016) and resulted in reduced expenses such as salaries and benefits in Hansard Services, which has a large number of sessional staff.

Variances compared to the budget and 2016 were insignificant for all other departments.

Operating Expenses by Category

The Legislative Assembly's most significant expense category is Salaries and Benefits, accounting for more than 57% of the Legislative Assembly's total expenses, followed by Members' Allowances and Expenses at over 27%. The Salaries and Benefits category includes Members' salaries and benefits.

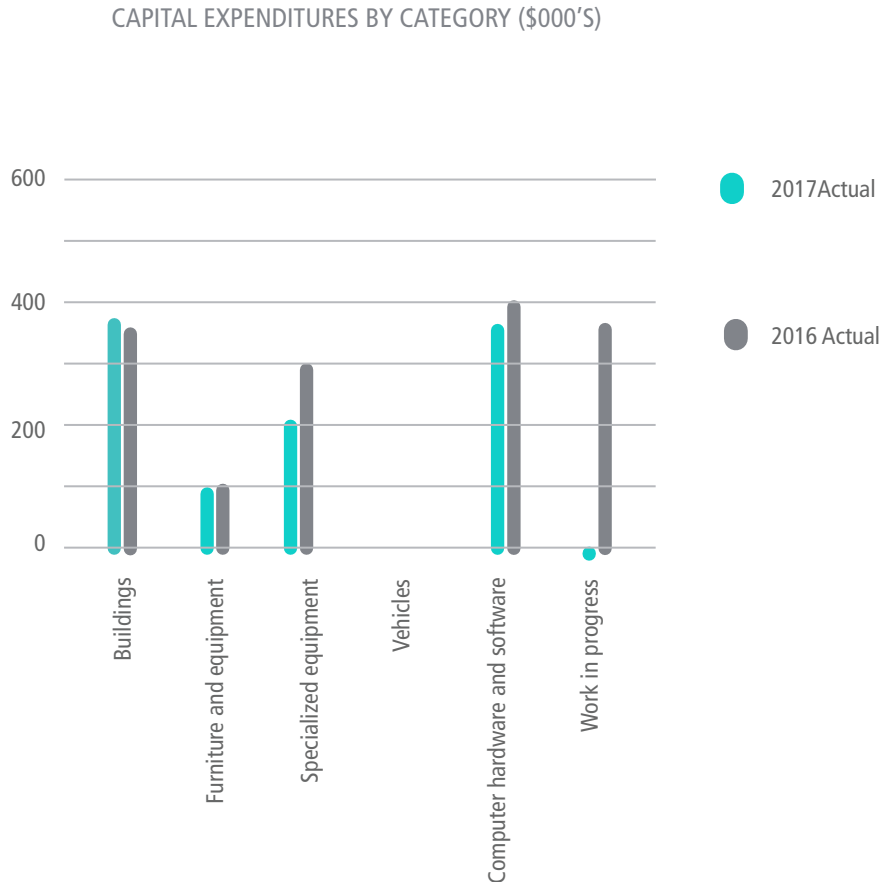


Assembly Salaries and Benefits increased by \$873 thousand compared to 2016 and was \$2.8 million under budget as a result of temporarily vacant positions, lower than expected benefit costs, staff on long term disability, less sitting days than expected, and a lower than expected increase to Members' salaries as noted previously. Members' Allowances and Expenses, which includes the annual constituency office allowance, increased by \$285 thousand compared to 2016 and was \$760 thousand under budget due to less travel by Members and lower Member allowances as a result of fewer house sitting days leading up to the May 2017 provincial general election.

Operating Expenses is comprised of office administration, utilities, telecommunications, and employee travel expenses. These expenses were \$443 thousand lower than 2016, and \$1.2 million under budget due to lower than expected expenses for professional consulting services, the completion of some projects under budget and the deferral of others, lower than expected utility usage and rate increases, and unspent contingency funds.

Capital Expenditures by Category

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



The Legislative Assembly's capital assets include the Parliament Buildings and surrounding structures, building improvements, office furniture and equipment, computers, servers, maintenance equipment, security equipment, and specialized broadcasting equipment. Significant capital additions during 2017 included upgrading a generator transfer switch, replacing the main flag pole on the front lawn of the Parliament buildings, and upgrades to meeting room equipment. The Legislative Assembly refreshes many of its assets on an ongoing basis as they reach the end of their life cycle including security equipment, Hansard audio and video equipment, computers and tablets, and furniture and equipment.

When compared to 2016, capital spending was lower in 2017 by \$494 thousand which was consistent with the decrease in budget of \$408 thousand for the same period.

Revenues

The Legislative Assembly generates revenue from the public and Members through its Parliamentary Dining Room and Parliamentary Gift Shop operations. Combined revenue of over \$724 thousand was generated by these operations in 2017 (\$505 thousand in 2016). 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.

Financial Position

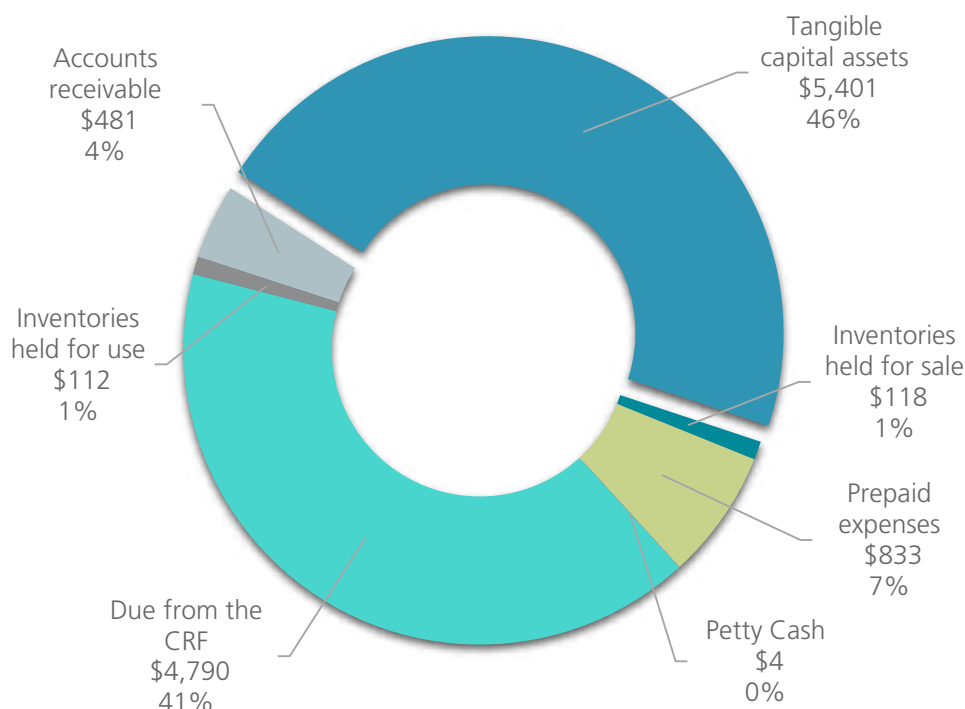
Assets

The Legislative Assembly's most significant asset balance is Tangible Capital Assets. Capital spending was lower than the amortization amount in 2017. Combined with minor capital disposals, this resulted in a net decrease of \$285 thousand to Tangible Capital Assets. As noted earlier, significant capital additions during 2017 included upgrading a generator transfer switch, replacing the main flag pole on the front lawn of the Parliament buildings, and upgrades to meeting room equipment.

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 2017 as compared to 2016.

2017 COMPOSITION OF ASSETS (\$000's)



Liabilities

The Accounts Payable and Accrued Liabilities balance was consistent between 2016 and 2017.

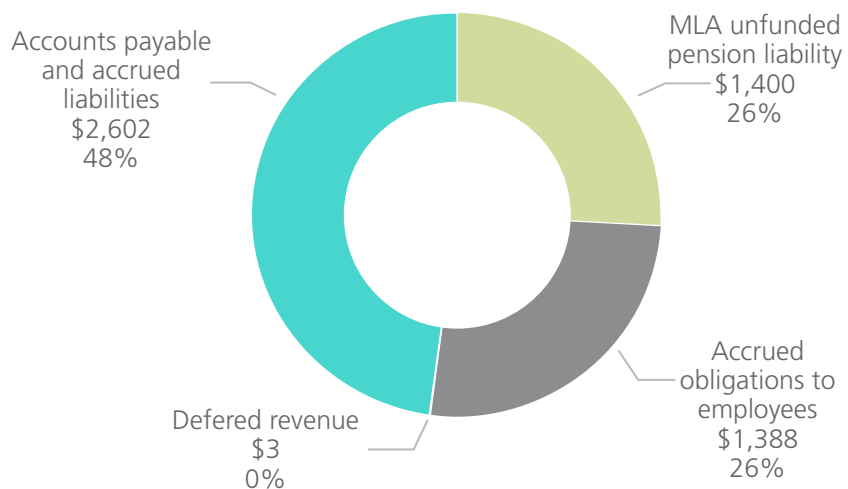
Accrued Obligations to Employees is composed of the employee retirement allowance and the employee leave liability (e.g. accrued vacation entitlement).

Seven employees received retirement allowance payments during the year and only four employees became eligible for the allowance, resulting in a decrease of \$21 thousand in comparison

to 2016. The employee leave liability increased by \$204 thousand as a result of higher employee salaries, an increased number of employees, and employees carrying forward higher vacation balances.

The estimated present value of the Legislative Assembly's obligation to the MLA superannuation account and the net assets available decreased, resulting in a \$200 thousand reduction in the MLA Unfunded Pension Liability. This was a direct result of one former MLA starting to receive pension benefits. The deferred revenue balance is insignificant.

2017 COMPOSITION OF LIABILITIES (\$000'S)



Looking Ahead

This section provides a best estimate of the future financial results of the Legislative Assembly, based on assumptions and information currently available.

The tables and narrative below summarize actual results for the previous two years, the Legislative Assembly's 2018 budget, and forecasted and projected results for 2018 to 2020. The 2018 forecast and 2019 to 2020 projections 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 is mid-way through the 2018 year, which is an election year. Election years require a significantly higher budget to fund the costs of transitioning to a new parliament, which include transitional assistance payments to former Members, constituency office start-up costs and allowances, orientation and training costs for new Members and their constituency assistants, office relocations within the Parliament Building, and the costs of refreshing computer and other equipment.

The budget for the 2018 year also increased as a result of the addition of two new Members (bringing the total to 87) and an increase in each Member's annual constituency office allowance from \$119 thousand to \$135 thousand.

The Legislative Assembly is currently forecasting to underspend its 2018 operating budget by \$6.5 million. The majority of the savings are in the Members' Services budget, as a result of a lower turnover in Members following the election than was budgeted for. Savings are also forecasted in the Legislative Operations, Hansard, and Sergeant-at-Arms budgets as a result of lower than expected sitting days, lower than expected salary and benefit costs, and unspent contingency funds.

Projected expenses for 2019 and 2020 are expected to decrease given these are non-election years.

PROJECTED NET COST OF OPERATIONS						
(\$000's)	Actual		Budget	Forecast	Projected	
	2016	2017	2018		2019	2020
Expenses						
Members' Services	3,2682	33,256	46,458	41,861	39,775	40,561
Caucus Support Services	6,806	7,016	7,606	7,606	7,741	7,877
Office of the Speaker	282	333	360	360	367	374
Office of the Clerk	1,006	891	867	867	885	904
Clerk of Committees	628	627	724	724	737	750
Legislative Operations	12,609	12,824	14,610	14,458	14,955	15,250
Sergeant-at-Arms	4,861	5,025	5,533	5,383	5,643	5,755
Hansard Services	3,574	3,316	3,891	3,418	3,968	4,046
Legislative Library	1,869	1,820	2,142	2,087	2,183	2,227
	64,317	65,108	82,191	76,764	76,254	77,744
Revenues						
Parliamentary Dining Room	432	604	486	490	496	506
Parliamentary Gift Shop	73	120	73	130	74	75
Recovery of Prior Year's Expenses	57	45	-	368	-	-
Lease Revenue	42	67	68	71	69	70
Other miscellaneous revenue	-	25	-	-	-	-
	604	861	627	1,059	639	651
Net Cost of Operations	63,713	64,247	81,564	75,705	75,615	77,093

2018 Forecast Assumptions

- Forecasted expenses for 2018 are based on branch forecasts at September 30, 2017.

2019 and 2020 Projection Assumptions

- Projected expenses for 2019 and 2020 are from the approved 2018 budget submission.
- Projected benefits are estimated using historic trends.
- Projections include a 2% per year inflationary increase to salaries and benefits, and operating expenses.
- 2018 was an election year, resulting in higher expenses. Expenditures are expected to return to normal levels in 2019 and 2020.
- Sitting days are expected to remain consistent at about 70 days per year.

Projected Capital Purchases

The Legislative Assembly is forecasting to fully expend its 2018 capital budget, including purchases of computers and furniture as part of an equipment refresh for the new parliament, with the exception of contingency amounts set aside for unanticipated capital projects.

Projected capital expenditures for 2019 and 2020 are currently expected to remain consistent with 2018, pending the approval of the Legislative Assembly's Ten Year Capital Plan.

PROJECTED CAPITAL PURCHASES

(\$000's)	Actual		Budget	Forecast	Projected	
	2016	2017	2018		2019	2020
Capital Purchases						
Furniture and Equipment	91	98	260	260	260	260
Computer Hardware and Software	422	416	1,590	1,590	1,590	1,590
Buildings	718	310	900	277	900	900
Vehicles	-	-	-	-	-	-
Specialized Equipment	309	222	1,086	1,086	1,086	1,086
Total Capital Purchases	1,540	1,046	3,836	3,213	3,836	3,836

2018 Capital Forecast Assumptions

- Forecasted expenditures for 2018 are based on branch forecasts as at September 30, 2017.

2019 and 2020 Capital Projection Assumptions

- Projected capital purchases for 2019 and 2020 are from the approved 2018 budget submission.
- Capital spending is expected to remain consistent pending the approval of the Legislative Assembly's Ten Year Capital Plan.

Risk Management

Like any organization, the Legislative Assembly is subject to various operational, financial, technological, facilities related, 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 Senior Management Team and Audit Working Group. In addition, the Legislative Assembly's internal audit function conducts operational and control audits and reports regularly to the Finance and Audit Committee (FAC). The FAC also receives regular reports from the Legislative Assembly's Executive.

The Legislative Assembly is in the process of formalizing its enterprise risk management policy utilizing an organization-wide risk register. The risk register will be reviewed, discussed, and updated regularly by the Senior Management Team and presented annually to the Finance and Audit Committee 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 is also implementing and testing a comprehensive Business Continuity Plan.

Financial Statements

For the year ended March 31, 2017

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Statement of Management Responsibility

For the year ended March 31, 2017

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 control. The Finance and Audit Committee is appointed by LAMC to review the financial statements, the adequacy of internal controls, the audit process, 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 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,

Craig James
Clerk of the House

Hilary Woodward, CPA, CA
Executive Financial Officer

Victoria, British Columbia
On the 29th day of November 2017

Independent Auditor's Report

For the year ended March 31, 2017



INDEPENDENT AUDITOR'S REPORT

*To the Members of the Legislative Assembly Management Committee, and
To the Speaker of the Legislative Assembly:*

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, 2017, and the statement of operations and change in accumulated surplus, statement of change in net debt and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Legislative Assembly of British Columbia as at March 31, 2017 and the results of its operations and change in accumulated surplus, change in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Victoria, British Columbia
December 4, 2017



Carol Bellringer, FCPA, FCA
Auditor General



OFFICE OF THE
Auditor General
of British Columbia

Statement of Financial Position

As at March 31, 2017, with comparative information for March 31, 2016

(\$000's)	2017	2016
Financial assets		
Cash (note 3)	4	4
Accounts receivable (note 4)	481	306
Inventories held for sale	118	77
Due from the CRF (note 2(d))	4,790	5,097
Total financial assets	5,393	5,484
Liabilities		
Accounts payable and accrued liabilities (note 5)	2,602	2,675
Deferred revenue	3	5
Accrued obligations to employees (note 6)	1,388	1,204
MLA unfunded pension liability (note 7(b))	1,400	1,600
Transitional assistance (note 8)	-	-
Total liabilities	5,393	5,484
Net debt (note 2(h))	-	-
Non-financial assets		
Tangible capital assets (note 11)	5,401	5,686
Prepaid expenses	833	780
Inventories held for use	112	160
Total non-financial assets	6,346	6,626
Accumulated surplus (note 15)	6,346	6,626

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

Authorized for issue on the 29th day of November 2017, on behalf of the Legislative Assembly Management Committee.

Hon. Darryl Plecas
Speaker

Hon. Mike Farnworth
Government House Leader

Hon. Michael de Jong, Q.C.
Official Opposition House Leader

Statement of Operations and Change in Accumulated Surplus

For the year ended March 31, 2017, with comparative information for 2016

(\$000's)	Budget (note 12)	2017	2016
Expenses (note 14)			
Members' Services	36,075	33,256	32,682
Caucus Support Services	7,196	7,016	6,806
Office of the Speaker	382	333	282
Clerk of the House	896	891	1,006
Clerk of Committees	635	627	628
Legislative Operations	14,076	12,824	12,609
Sergeant-at-Arms	5,026	5,025	4,861
Hansard Services	3,818	3,316	3,574
Legislative Library	2,102	1,820	1,869
Total expenses	70,206	65,108	64,317
Revenues			
Miscellaneous Revenue (note 13)	641	861	604
Total revenues	641	861	604
Net Cost of operations	69,565	64,247	63,713
Government funding			
Appropriation - operating (note 12)	69,565	62,921	62,460
Appropriation - capital (note 12)	2,422	1,046	1,540
Total government funding	71,987	63,967	64,000
Annual (deficit) surplus	-	(280)	287
Accumulated surplus - beginning of year	-	6,626 \$	6,339
Accumulated surplus - end of year (note 15)	-	6,346 \$	6,626

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

Statement of Change in Net Debt

For the year ended March 31, 2017, with comparative information for 2016

(\$000's)	Budget (note 12)	2017	2016
Net debt - beginning of year (note 2(h))	-	-	-
Annual deficit (surplus)	-	280	(287)
Change due to tangible capital assets			
Acquisition of tangible capital assets	2,422	1,046	1,540
Loss (gain) on disposal of tangible capital assets	-	(80)	-
Amortization of tangible capital assets	(1,550)	(1,251)	(1,266)
Total change due to tangible capital assets	872	(285)	274
Acquisition of inventories held for use	-	24	130
Acquisition of prepaid expenses	-	865	794
Consumption of inventories held for use	-	(71)	(126)
Use of prepaid expenses	-	(812)	(785)
Increase (decrease) in net debt	-	-	-
Net debt - end of year (note 2(h))	-	-	-

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

Statement of Cash Flows

For the year ended March 31, 2017, with comparative information for 2016

(\$000's)	2017	2016
Operating activities		
Annual (deficit) surplus	(280)	287
Items not involving cash:		
Amortization of tangible capital assets	1,251	1,266
Loss (gain) on disposal of tangible capital assets	80	-
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(175)	126
Decrease (increase) in inventories held for sale	(41)	12
Decrease (increase) in due from the CRF	307	(872)
Increase (decrease) in accounts payable and accrued liabilities	(73)	747
Increase (decrease) in deferred revenue	(2)	2
Increase (decrease) in accrued obligations to employees	184	(15)
Increase (decrease) in MLA unfunded pension liability	(200)	-
Increase (decrease) in transitional assistance	-	-
Decrease (increase) in inventories held for use	48	(4)
Decrease (increase) in prepaid expenses	(53)	(9)
Net change in cash from operating activities	1,046	1,540
Capital activities		
Cash used to acquire tangible capital assets	(1,046)	(1,540)
Net change in cash from capital activities	(1,046)	(1,540)
Financing activities		
None	-	-
Net change in cash from financing activities	-	-
Net change in cash	-	-
Cash, beginning of year	4	4
Cash, end of year	4	4

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

Notes to the Financial Statements

For the year ended March 31, 2017

1. Nature of Operations

The Legislative Assembly of British Columbia (Legislative Assembly) is a self-governing, parliamentary institution established under the provincial *Constitution Act*, RSBC 1996. Its 85 (87 following the May 2017 Provincial General Election) Members of the Legislative Assembly (MLAs) are elected by popular vote to represent a constituency in a provincial general election held every four years. 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 statutory governing body of the Legislative Assembly and oversees its financial management and administration on behalf of MLAs and British Columbians. Chaired by the Speaker, LAMC is comprised of MLAs representing the government and opposition parties. Both LAMC's and the Speaker's administrative and oversight responsibilities are derived from the *Legislative Assembly Management Committee Act*. The Finance and Audit Committee (FAC) is appointed by LAMC to review the financial statements, the adequacy of internal controls, the audit process, and financial reporting.

The Clerk of the House is the senior permanent officer and procedural advisor to the Speaker and all MLAs, with responsibility for the 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 MLAs.

Legislative Assembly departmental staff provide non-partisan services and support required by MLAs to fulfil their parliamentary duties while serving the Legislative Assembly and provide continuity 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 adopted the following new accounting standards for the year ended March 31, 2017:

- Introduction to PSAS
- PS 2200 Related Party Disclosures
- PS 3210 Assets
- PS 3320 Contingent Assets
- PS 3380 Contractual Right
- PS 3420 Inter-entity Transactions

There were no significant impacts to the Legislative Assembly's financial statements resulting from the adoption of any of these new standards

(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 MLAs. 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 MLA 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

The CPPM is available on the B.C. Ministry of Finance website and provides descriptions of these asset classes.

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

Tangible capital assets 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 tangible capital assets are less than their net book value. Tangible capital asset 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 monthly MLA constituency office allowances and constituency office leases, 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 debt

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 trusteeship 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 MLA chose not to stand for re-election or was defeated in a provincial general election. Funds provided to former MLAs 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 (tangible capital assets, 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 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 tangible capital assets, the employee retirement allowance, 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

(\$000's)	2017	2016
Petty Cash	4	4
Bank balance	-	-
Total	4	4

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

The majority of the Legislative Assembly's receivables are due from MLA's constituency offices, provincial ministries, the federal government, and MLA's. All receivables are expected to be collected. As such, no provision for doubtful accounts has been recorded.

5. Accounts Payable and Accrued Liabilities

(\$000's)	2017	2016
Accounts payable and accrued liabilities	1,439	1,636
Salaries and benefits payable	920	811
Unreleased minister salary holdbacks	244	228
Total	2,602	2,675

(a) Accounts payable and accrued liabilities

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

(b) Salaries and benefits payable

This account contains salary and benefit amounts payable to employees and MLAs at fiscal year-end due to the timing of the bi-weekly payroll schedule. For fiscal 2017, ten days of unpaid work was accrued as at March 31.

(c) 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 and collective targets for fiscal 2016 and 2017 and, therefore, received their 20% ministerial salary holdback in August 2016 and August 2017 respectively.

6. Accrued Obligations to Employees

(\$000's)	2017	2016
Employee leave liability	936	732
Employee retirement allowance	452	472
Total	1,388	1,204

(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 yet taken to March 31, 2017, vacation hours carried forward from previous years, and banked overtime hours.

Constituency assistants are employees of individual MLAs, and not employees of the Legislative Assembly. Their leave, therefore, is not included in this accrual. Similarly, MLAs 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 seven former employees, totalling \$48 thousand, were made in fiscal 2017 (Payments totalling \$41 thousand were made to seven former employees in fiscal 2016). The seven former employees who received a retirement allowance payment during the year had an average contributory service of 17 years.

7. Pension Plans

(a) B.C. Public Service Pension Plan

The Legislative Assembly, the majority of its employees, and MLAs contribute to the B.C. Public Service Pension Plan (the Plan). The Plan is a multi-employer, defined benefit, and joint trustees plan, established for certain B.C. public service employees. Benefits, such as group health benefits and inflation protection for the basic pension, are not guaranteed and are contingent upon available funding. No unfunded liability exists for the future indexing of pensions as the obligation is limited to the amount of available assets in a separate inflation adjustment account.

In joint trustee plans, control of the plans and their assets is assumed by individual pension boards made up of plan employer and plan member appointed trustees. The B.C. Public Service Pension Board of Trustees (the Board) is fully responsible for the management of the Plan, including investment of the assets and administration of the Plan. The British Columbia Pension Corporation provides benefit administrative services and the British Columbia Investment Management Corporation provides investment management services as agents of the Board.

In the event an unfunded liability is determined by an actuarial valuation (to be performed at least every three years), the Board is required to address it through contribution adjustments shared equally by Plan members and employers. It is expected, therefore, that any unfunded liabilities in the future will be short-term in nature.

The Plan is a multi-employer contributory pension plan. Basic pension benefits are determined using a formula which takes into account years of service and average earnings at retirement. Pension benefits vest immediately for regular employees and after six years for MLAs. The Plan has about 58,000 active Plan members and approximately 45,000 retired Plan members. The latest actuarial valuation, as at March 31, 2014, indicated a \$194 million funding surplus for basic pension benefits. The next valuation will be as at March 31, 2017 with results available in early 2018.

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 and as a result there is no consistent and reliable basis for allocating the obligation, assets, and cost to individual employers participating in the Plan.

During fiscal 2017, the Legislative Assembly contributed \$2.15 million to the Plan on behalf of its employees (\$2.07 million during fiscal 2016). The Legislative Assembly's contribution is 9.43% of each employee's base salary up to the maximum pensionable earnings amount, and 10.93% afterwards (employees contribute 7.93% and 9.43%).

During fiscal 2017, the Legislative Assembly contributed \$3.96 million to the Plan on behalf of MLAs (\$4.00 million during fiscal 2016). The contribution rate to the Plan on behalf of MLAs remained consistent at 39.37% of salary; each MLA contributes 11% of their salary. MLA participation in the Plan was established in 2007 by Part 3 of the *Members' Remuneration and Pension Act* and based on recommendations made by the April 2007 Report by the Independent Commission to Review MLA Compensation. MLAs 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 Pension 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 eligible MLAs retire, the present value of the amount required to provide an MLA'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 MLAs' benefit entitlements. The Act provides basic pension benefits for MLAs based on length of service, highest four-year average earnings and plan members' age at retirement. Benefits, such as group health benefits and inflation protection for the basic pension, are not guaranteed and are contingent upon available funding.

A total of \$182 thousand was transferred from the Account to the Plan for one MLA who began receiving their pension in fiscal 2017 (none in fiscal 2016). In the same year, the Legislative Assembly also contributed \$249 thousand in terminal funding to the Account to meet future pension obligations.

There are currently five MLAs eligible to receive a future pension benefit funded by the Account. As they retire, the Legislative Assembly will need to contribute \$1.8 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 to the Legislative Assembly is \$1.4 million (\$1.6 million in fiscal 2016).

8. Transitional Assistance

Employment as an MLA is not considered insurable employment; therefore, MLAs are not eligible to contribute to the federal Employment Insurance plan. Instead, transitional assistance is available to MLAs who choose not to stand for re-election or who are defeated in a provincial general election. To qualify for transitional assistance, MLAs must complete their term of office in a parliament. MLAs who resign, forfeit their seat, or pass away during a parliament are not eligible for this assistance.

For eligible MLAs, transitional assistance payments are based on the current annual MLA basic compensation rate. Transitional assistance continues to the date an MLA receives pension benefits or 15 months have elapsed. The assistance amount is taxable but not pensionable. Benefits coverage continues while former MLAs are in receipt of transitional assistance.

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

MLAs in receipt of transitional assistance are responsible for notifying the Legislative Assembly of changes to their employment status. Transitional assistance payments are reduced by the gross amount of MLA reported employment earnings on a monthly basis.

The Legislative Assembly did not pay any transitional assistance during fiscal 2017, and has no further transitional assistance liability related to the May 2013 election. As a result of the May 2017 Provincial General Election there will be transitional assistance provided in fiscal 2018. Please see note 18(b).

MLAs 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 2017, a total of \$1 thousand was reimbursed to one former MLA who did not stand for re-election in the May 2017 election (\$0 was reimbursed to former MLAs in 2016).

9. Contingent Liabilities

The Legislative Assembly may periodically be involved in legal proceedings, claims, and litigation that arise in the normal course of business. As at March 31, 2017, 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 the Finance and Audit Committee, and the Legislative Assembly Management Committee.

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, MLAs lease office space throughout B.C. for their constituency offices. These leases are usually four years in length to coincide with the term of a parliament. These contractual obligations are included below because they are paid for by the Legislative Assembly. The amounts shown do not include the impact of any new leases resulting from the May 2017 Provincial General Election.

(\$000's)	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Office leases	1,552	171	-	-	-	1,723
Legal	48	48	48	48	48	240
Office Equipment	457	421	210	-	-	1,088
Service contracts	311	276	92	9	-	688
Total	2,368	916	350	57	48	3,739

(b) Tangible Capital Asset Schedule - March 31, 2016

	Buildings		Furniture and Equipment		Specialized Equipment	Vehicles	Computer Hardware and Software		Work in Progress	2016 Total
Cost										
Opening Balance	4,298	3,610	4,099	34	4,388	78				16,507
Additions	-	79	178	-	240	1,043				1,540
Disposals	-	-	-	-	-	-				-
Transfers	362	27	124	-	163	(676)				-
Write-Downs	-	-	-	-	-	-				-
Closing Balance	4,660	3,716	4,401	34	4,791	445				18,047
Accumulated Amortization										
Opening Balance	(2,386)	(3,095)	(2,284)	(5)	(3,325)	-				(11,095)
Amortization	(55)	(174)	(566)	(5)	(466)	-				(1,266)
Disposals	-	-	-	-	-	-				-
Write-Downs	-	-	-	-	-	-				-
Closing Balance	(2,441)	(3,269)	(2,850)	(10)	(3,791)	-				(12,361)
Net Book Value	2,219	447	1,551	24	1,000	445				5,686

(c) Work in progress

Assets under construction totalling approximately \$361 thousand (\$445 thousand at March 31, 2016) 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 401 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 \$28 million as of the last appraisal on February 1, 2014.

(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 is not included in these financial statements.

12. Appropriations

The Legislative Assembly receives an annual appropriation (Vote 1 of the B.C. provincial *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 \$69.6 million (\$69.6 million in fiscal 2016) is net of \$0.6 million (\$0.5 million in fiscal 2016) in budgeted revenues and recoveries.

Unlike most ministries and agencies, Vote 1 has statutory authority which provides for additional funding should costs exceed approved budgets due to unforeseen circumstances, such as increased length of parliamentary sittings or additional work undertaken by parliamentary committees. The following table compares the Legislative Assembly's actual expenditures to approved budgets:

(\$000's)	2017			2016		
	Operating	Capital	Total	Operating	Capital	Total
Appropriations	69,565	2,422	71,987	69,565	2,830	72,395
Net cost of operations	(64,247)	-	(64,247)	(63,713)	-	(63,713)
Capital acquisitions	-	(1,046)	(1,046)	-	(1,540)	(1,540)
Unused Appropriations	5,318	1,376	6,694	5,852	1,290	7,142

13. Miscellaneous Revenue

(\$000's)	Budget	Actual	
	2017	2017	2016
Parliamentary Dining Room	486	604	432
Parliamentary Gift Shop	69	120	73
Recovery of prior year's expenses	-	45	57
Lease revenue	68	67	42
Other Miscellaneous revenue	18	25	-
Total	641	861	604

(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 MLAs, employees, and the public. The Legislative Assembly also operates a Parliamentary Gift Shop. Sales are reported on a gross basis, and the cost of goods sold associated with the sales are reported as an expense and are disclosed in note 14.

(b) Recovery of prior year's expenses

In fiscal 2017, \$45,000 (\$57,000 in fiscal 2016) was recovered related to prior year lease operating costs, unspent constituency office funds returned from departing MLAs, and other minor amounts. These amounts are included in the recovery of prior year's expenses category.

(c) Lease revenue

The Legislative Assembly leases office space within the Parliament Buildings to several media groups and the Office of the Conflict of Interest Commissioner.

(d) Other miscellaneous revenue

Other miscellaneous revenue include registration fees for conferences held by the Legislative Assembly and other minor costs recovered by the Legislative Assembly.

14. Expenses by Object

The following is a summary of expenses by object:

(\$000's)	Budget	Actual	
	2017	2017	2016
Salaries and benefits	40,320	37,483	36,610
MLA's allowances and expenses	18,433	17,673	17,388
Operating expenses	9,540	8,343	8,786
Amortization expense	1,550	1,251	1,266
Cost of goods sold	353	348	267
Other expenses	10	10	-
Total	70,206	65,108	64,317

MLAs' allowances and expenses is comprised of constituency office leases, MLAs' transitional assistance, the constituency office allowance, constituency assistant salaries, MLAs' travel expenses, and other amounts. A detailed breakdown of MLAs' travel expenses and MLAs' constituency office allowance is available on our website. 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.

Cost of goods sold represents the cost of items sold in the Parliamentary Gift Shop totalling \$85 thousand (\$53 thousand in 2016), the cost of food and beverages sold in the Parliamentary Dining Room totalling \$192 thousand (\$188 thousand in 2016), and the cost of educational resources distributed totalling \$71 thousand (\$25 thousand).

Other expenses represent a one time grant to the Youth Parliament of British Columbia Alumni Society.

15. Accumulated Surplus

(\$000's)	2017	2016
Accumulated surplus - beginning of year	6,626	6,339
Acquisition of tangible capital assets	1,046	1,540
Loss on disposal of tangible capital assets	(80)	
Amortization of tangible capital assets	(1,251)	(1,266)
Acquisition of inventories held for use	24	130
Acquisition of prepaid expenses	865	794
Consumption of inventories held for use	(71)	(126)
Use of prepaid expenses	(812)	(785)
Annual (deficit) surplus	(280)	287
Accumulated surplus - end of year	6,346	6,626

Appropriations used to purchase non-financial assets (tangible capital assets, 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 statements. 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 of \$75 thousand for a third party insurance policy covering MLA 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

(a) Ministerial Salary Holdback Release

As disclosed in note 5(c), all members of the executive council met their individual and collective BBMAA targets for fiscal 2017 and, therefore, received their 20% ministerial salary holdback in August 2017.

(b) Transitional Assistance

The May 2017 Provincial General Election resulted in twenty-five MLAs not returning for the 41st Parliament. Each of these former MLAs is entitled to transitional assistance and the career 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.

Four former MLAs have gained employment and two former MLAs are in receipt of MLA pension income. As a result, these MLAs are either no longer receiving transitional assistance payments, or are receiving a reduced amount. To date, the Assembly has paid former MLAs a total of \$1.3 million in transitional assistance. The Assembly is estimating the maximum total transitional assistance payments to former MLAs to be \$2.6 million.

Career 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 \$225 thousand for career retraining.

(c) Members' Constituency Assistant Obligations

A Provincial General Election was held on May 9, 2017. Fourteen MLAs chose not to stand for re-election and eleven MLAs were unsuccessful in being re-elected. Non-returning MLAs are obligated to provide their constituency assistants with severance pay where eligible. The Legislative Assembly provided additional constituency office funding, where certain conditions were met, to enable MLAs to fulfil their severance obligations.

Subsequent to March 31, 2017, the Legislative Assembly paid a total of \$143 thousand on behalf of eight MLAs who did not run for re-election and whom had insufficient constituency office funds to meet their obligations. This amount has been accrued in the Legislative Assembly's financial statements as at March 31, 2017.

In addition, the Legislative Assembly paid a total of \$25 thousand on behalf of three MLAs who did run for re-election, but were not re-elected, and whom had insufficient constituency office funds to meet their obligations. This amount has not been accrued in the Legislative Assembly's financial statements as at March 31, 2017, and will be an expense in the year ended March 31, 2018.

The Legislative Assembly recovered a total of \$368 thousand from the remaining fourteen MLAs who, after paying all their expenses including severance obligations, had unspent funds in their constituency office bank accounts. These amounts are not recorded in these Financial Statements but will be recorded as a recovery in the year ended March 31, 2018.

Appendix A: Legislative Assembly Management Committee Decisions

This Appendix provides the decisions taken by the Legislative Assembly Management Committee between April 1, 2016 and March 31, 2017, as required by section 5 of the *Legislative Assembly Management Act*. Committee decisions and proceedings are also available on the Assembly website at <https://www.leg.bc.ca/parliamentary-business/committees/lamc>

The Legislative Assembly Management Committee met on the following dates.

- October 19, 2016
- December 1, 2016

The Finance and Audit Committee met on:

- November 2, 2016
- November 17, 2016
- November 21, 2016
- December 1, 2016

Decisions from April 1, 2016 to March 31, 2017, By Subject

Allowances

The Committee adopted as policy the current practice regarding the caucus funding formula as recommended by the Finance and Audit Committee. (December 1, 2016)

Committee Administration

The Committee approved the Legislative Assembly's 2015/16 third quarter financial results for the periods April 1, 2015 to December 31, 2015, as presented. (October 19, 2016)

The Committee approved the report *Internal Controls over Financial Reporting Process Documentation and the report Review of Telecommunications Goods and Services Contracts*. (October 19, 2016)

Pursuant to the *Legislative Assembly Management Committee Act*, the Committee adopted the *Legislative Assembly Accountability Report 2015-16* as presented on December 1, 2016; approved the Financial Statements of the Legislative Assembly of British Columbia for the year ended March 31, 2016; and agreed that a copy of the report be deposited with the Office of the Clerk and that the Speaker present the report to the House at the earliest opportunity. (December 1, 2016)

The Committee agreed to grant delegated authority to the Finance and Audit Committee to approve any unbudgeted or unanticipated operating expenditures within the fiscal year, up to a maximum of \$25,000. (December 1, 2016)

The Committee approved an annual grant of up to \$10,000 for the BC Youth Parliament, subject to the development of an Assembly grant policy and preparation of a funding letter. (December 1, 2016)

Benefits

The Committee agreed that the transitional assistance policy utilize a simple definition of “employment monies” which includes but is not limited to salaries, wages, commissions, bonuses, self-employment income, and any amounts paid for serving on a governance board. (December 1, 2016)

The Committee agreed that the transitional assistance policy include the provision to send a request for confirmation of employment monies to each former Member in receipt of transitional allowance on a quarterly basis. The former Member would be required to respond to the request for confirmation, regardless if the former Member had received any employment monies. (December 1, 2016)

The Committee agreed that that the transitional assistance policy include definitions of career counselling, education and training costs or examples of eligible retraining costs under these categories and that reimbursement is based on presentation of receipts. (December 1, 2016)

The Committee agreed that the transitional assistance policy provide reimbursement to former Members for career retraining programs if the former Member enrolls in such a program during the 15 month eligibility period, although the retaining program may conclude after the 15 month period ends and that reimbursement is based on presentation of receipts. (December 1, 2016)

Constituency Offices

The Committee approved in principle the move to a centralized accounting system with the intention to implement the centralization of constituency office expenses in the new 41st Parliament, and further, that Financial Services prepare information to share with and to respond to caucus information requests. (December 1, 2016)

Parliament Buildings

The Committee approved the External Use of Chamber and Committee Rooms Policy as amended to indicate that cost recoveries shall be permissible. (December 1, 2016)

The Committee discussed the replacement of the front driveway, including electrical and drainage infrastructure upgrades. The Committee agreed to examine this project in conjunction with other priority capital projects for the next fiscal year. (December 1, 2016)

The Committee considered and discussed the 2017/18 Vote 1 Legislative Assembly budget submission and agreed to consider options regarding planning for the renovation or replacement of the Armories. The Committee also agreed to reduce the proposed consultation budget for 2017/18 capital projects to \$250,000. (December 1, 2016)

Technology

The Committee adopted the report titled *Members Information Technology Review and Recommendations: Productivity, Flexibility and Efficiency in the 41st Parliament*. (December 1, 2016)

Vote 1

The Committee approved the estimates of expenditure for fiscal year 2017/18 for the Legislative Assembly for Vote 1 as amended. (December 1, 2016)

The Committee agreed that the Speaker transmit the estimates of expenditure for fiscal year 2017/18 for the Legislative Assembly for Vote 1 to the Minister of Finance on behalf of the Committee. (December 1, 2016)

