

OFFICE OF THE
PARLIAMENTARY BUDGET OFFICER



BUREAU DU
DIRECTEUR PARLEMENTAIRE DU BUDGET

**Supporting Parliamentary Scrutiny of the Estimates:
*The Integrated Monitoring Database (IMD)***

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www.parl.gc.ca/pbo-dpb

The *Parliament of Canada Act* mandates the Parliamentary Budget Officer (PBO) to provide independent analysis to the Senate and House of Commons on the state of the nation's finances, the estimates and trends in the national economy, as well as estimate the financial cost of any proposal that relates to a matter over which Parliament has jurisdiction.

Key Points:

- Parliament's responsibility for the appropriation of public monies and approval of proposed expenditures is one of its most important constitutional responsibilities.
- To support parliamentary scrutiny of the Government's Estimates, the PBO has prepared a searchable database of basic information regarding budgeted authorities and in-year spending.
- It is hoped that the Integrated Monitoring Database (IMD) will allow legislators to identify non-routine variances in Government appropriations and spending, permitting them to focus their efforts on areas of Government operations that warrant greater scrutiny. In addition, the in-year expenditure data will provide legislators with a benchmark to assess the reasonableness and necessity of the Supplementary Estimates prepared by the Government.
- The PBO will update the IMD quarterly and also issue a short analytical note that identifies notable variances in Government expenditures.
- For the first two months, the IMD is offered as a pilot program for parliamentarians and their staff. Following feedback from legislators, the access restrictions would be lifted.

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I. Background¹

The *Constitution Act* provides that no tax may be imposed, nor money spent, without parliamentary consent.²

To support Parliament's scrutiny of the Government's Estimates, the *Parliament of Canada Act* (the Act) provides the Parliamentary Budget Officer with a proactive mandate to "provide independent analysis to the Senate and to the House of Commons about... **the estimates of the government.**"³

During the PBO's stakeholder consultations in 2008, parliamentarians identified a need for "business-support analysis and information" to aid in deliberations regarding financial matters.⁴ In particular, it was recommended that the PBO could best support parliamentarians by:

1. Identifying specific parts of the Estimates with higher risk and/or materiality, which could benefit from focused review by parliamentary committees; and,
2. Proactively undertaking in-depth research regarding parts of the Estimates with significant increases in proposed expenditures.

Consistent with this advice, the PBO has published several studies over the past two years to inform parliamentary consideration of the Government's Estimates, including reviews of the quarterly updates on the Economic Action Plan and performance updates on the Infrastructure Stimulus Fund.

II. The Integrated Monitoring Database (IMD)

The Integrated Monitoring Database (IMD) represents a next step in supporting Parliament's scrutiny of the Estimates. The IMD is a structured database of budgeted and in-year expenditures listed by vote for each federal department and agency.⁵ Working with existing data sources, it is the first database that ensures congruence between the Estimates and in-year financial reporting.

Consistent with the experience of the PBO, the IMD is expected to provide a starting point for parliamentary scrutiny, permitting legislators to identify significant variations in planned and actual spending, as well as key differences among fiscal years. This may permit parliamentarians and committees to focus their attention on areas that merit in-depth scrutiny.

¹ This background is largely drawn from earlier work prepared by the PBO as part of its 2009 Action Plan. www.parl.gc.ca/pbo.

² <http://laws.justice.gc.ca/en/const/index.html>.

³ Sections 79(2) a & c of the *Parliament of Canada Act*. <http://laws.justice.gc.ca/en/P-1/>. Accessed in July 2009.

⁴ http://www2.parl.gc.ca/sites/pbo-dpb/documents/PBO_Stakeholder_Consultations.pdf

⁵ The database does not contain in-year expenditure data regarding the legislative branch of Government, which includes the House of Commons and Senate. While this information is collected by the Receiver General and was requested by the PBO, Parliament declined to share in-year expenditure information listed by voted authority with the PBO.

Data Sources

The IMD uses non-confidential data that is currently generated by the Government of Canada in various formats. The database framework relies on the Estimates of the Government of Canada, listing each voted and statutory budgetary authority by organization.⁶ These authorities are adjusted over the course of the year through the Supplementary Estimates, which are also uploaded into the database. In this way, parliamentarians are able to track the increase (or decrease) of authorities over the course of a fiscal year, as well as compare this evolution to previous years.

Figure 1: Screenshot from the IMD – Spending Authorities ⁷

Transport Canada									
Dept/Line Item	Vote	Year to Date Authorities \$000s	Main Estimates \$000s	Supplementary (A) \$000s	TB Vote 25 - Carry Forwards \$000s	TB Vote 15 - Compensation Adjustments \$000s	Supplementary (B) \$000s	TB Vote 30-Paylist Requirements \$000s	Supplementary (C) \$000s
Operating expenditures	1	669,726	612,522	1,235	33,162	11,688	5,782	7,855	-2,563
Grants and contributions	10	850,177	840,113	0	0	0	10,064	0	0
Northumberland Strait Crossing Act	S	57,771	57,771	0	0	0	0	0	0
Payments in respect of St. Lawrence Seaway Agreements	S	68,200	62,800	0	0	0	4,000	0	1,400
Termination of tolls on the Victoria Bridge	S	3,300	3,300	0	0	0	0	0	0

⁶ <http://www.tbs-sct.gc.ca/est-pre/index-eng.asp>

⁷ In addition to listing all individual votes presented in the Government's Estimates, the IMD tables also present a "Total Operating Expenditures" category, which summarizes all operating-related expenses, regardless of vote (*i.e.* the operating vote, plus employee benefits and the ministerial motorcar allowance).

The next source of data are monthly expenditure reports collected by the Receiver General of Canada, which list actual organizational expenditures charged against the specific spending authorizations provided by Parliament (*i.e.* by vote and statutory authority).⁸ The PBO plans to update this data set quarterly, with a time lag of approximately 60 days (*i.e.* data from the April to June period would be available by the end of September).

Figure 2: Screenshot from the IMD – Reported Expenditures

Transport Canada							
Dept/Line Item	Vote	Year to Date Spending \$000s	% Utilized	Q4 \$000s	Q3 \$000s	Q2 \$000s	Q1 \$000s
Total Operating Expenditures		495,234	67	0	178,022	169,811	147,401
Operating expenditures	1	495,234	74	0	178,022	169,811	147,401
Contributions to employee benefits plans	S	0	0	0	0	0	0
Minister - Salary and motor car allowance	S	0	0	0	0	0	0
Minister of State - Car allowance	S	0	0	0	0	0	0
Capital expenditures	5	39,524	18	0	23,550	9,568	6,406
Grants and contributions	10	115,688	14	0	56,507	51,858	7,323
Northumberland Strait Crossing Act	S	57,721	100	0	0	0	57,721
Payments in respect of St. Lawrence Seaway Agreements	S	96,482	141	0	62,590	11,592	22,300
Termination of tolls on the Victoria Bridge	S	0	0	0	0	0	0
Subtotal		804,649	41	0	320,669	242,829	241,151

The Receiver General expenditure data are also aggregated to reconcile with the Government of Canada's official report on in-year spending, the Fiscal Monitor.⁹ The key differences in this process are

⁸ <http://www.tpsgc-pwgsc.gc.ca/recgen/pceaf-gwcoa/1011/tdm-toc-eng.html>

⁹ <http://www.fin.gc.ca/pub/fm-rf-index-eng.asp>

aggregating the individual votes approved by parliamentarians to correspond to the thematic areas in the Fiscal Monitor, as well as allocating accrual adjustments.¹⁰

IMD Functionality

For the first iteration of the IMD, users will be provided with a search query tool that can produce two standardized reports:

1. Year-to-date budgeted authorities and expenditures, which compares the total authorities listed in the Estimates to the total expenditures reported by the Receiver General.

Figure 3: Budgeted Vs. Actual Expenditure Report: First 3 Quarters of 2010-11

Transport Canada

Department/Agency	Vote	Authorities \$000s	Reported Spending \$000s	% of Total Authorities
Total Operating Expenditures		739,366	495,234	67%
Operating expenditures	1	669,726	495,234	74%
Contributions to employee benefits plans	S	69,558	0	0%
Minister - Salary and motor car allowance	S	79	0	0%
Minister of State - Car allowance	S	2	0	0%
Capital expenditures	5	225,388	39,524	18%
Grants and contributions	10	850,177	115,688	14%
Northumberland Strait Crossing Act	S	57,771	57,721	100%
Payments in respect of St. Lawrence Seaway Agreements	S	68,200	96,482	141%
Termination of tolls on the Victoria Bridge	S	3,300	0	0%
Subtotal		1,944,202	804,649	

2. Detailed evolution of authorities as reported in the Estimates by source, including transfer from central votes and multi-year appropriations (*i.e.* for Parks Canada, Canada Border Services Agency and the Canada Revenue Agency).

¹⁰ The estimates are approved on a cash-accounting basis, while the Budget, Fiscal Monitor and Public Accounts are presented on an accrual basis.

Figure 4: Estimates Authorities By Source Report: 2010-11

Transport Canada										
Dept/Line Item	Vote	Year to Date Authorities \$000s	Main Estimates \$000s	Supplementary (A) \$000s	TB Vote 25 - Carry Forwards \$000s	TB Vote 15 - Compensation Adjustments \$000s	Supplementary (B) \$000s	TB Vote 30-Paylist Requirements \$000s	Supplementary (C) \$000s	TB Vote 15 - Compensation Adjustments \$000s
Total Operating Expenditures		739,366	682,161	1,235	33,162	11,688	5,782	7,855	-2,563	46
Operating expenditures	1	669,726	612,522	1,235	33,162	11,688	5,782	7,855	-2,563	46
Contributions to employee benefits plans	S	69,558	69,558	0	0	0	0	0	0	0
Minister - Salary and motor car allowance	S	79	79	0	0	0	0	0	0	0
Minister of State - Car allowance	S	2	2	0	0	0	0	0	0	0
Capital expenditures	5	225,388	221,127	0	0	0	4,261	0	0	0
Grants and contributions	10	850,177	840,113	0	0	0	10,064	0	0	0
Northumberland Strait Crossing Act	S	57,771	57,771	0	0	0	0	0	0	0
Payments in respect of St. Lawrence Seaway Agreements	S	68,200	62,800	0	0	0	4,000	0	1,400	0
Termination of tolls on the Victoria Bridge	S	3,300	3,300	0	0	0	0	0	0	0
Subtotal		1,944,202	1,867,272	1,235	33,162	11,688	24,107	7,855	-1,163	46

In the longer term, these reports will be expanded to incorporate data presented in the Public Accounts of Canada. In addition, more details regarding types of expenditures may also be presented depending on the availability of data and interest of parliamentarians.

III. Examples

While the data presented by the IMD is rudimentary, its aggregation in an easily accessible format lends itself to several practical applications. These include:

Example #1: How much of a particular vote has been expended at a given point in the year?

- There is currently no source of in-year expenditure data by vote. However, legislators may wish to know year-to-date expenditures if they are asked for additional increases through the Supplementary Estimates, or simply have an interest in tracking take-up rates for transfer programs.
- For example, for the first nine months of 2010-11, the Government has reported expenditures for the Infrastructure Stimulus Fund of approximately \$620 million, compared to total appropriations of \$1.5 billion – roughly 42% of the budgeted amount. As such, this significant divergence between budgeted and actual expenditures could suggest that further scrutiny is warranted by parliamentarians.

Example #2: Are the amounts sought in the Main Estimates consistent with current spending?

- When parliamentarians are asked to approve the Main Estimates in March, the Government does not provide comparable data regarding total spending for the previous year or current year-to-date expenditures.
- For example, in the 2011-12 Main Estimates, the Government identified a budget of \$38 million related to the Canada Disability Savings Grant (CDSG). At the same time, over \$52 million had already been expended on the CDSG in the first nine months of the current fiscal year (2010-11). With this information available, legislators may determine that a larger amount is warranted in the Main Estimates and seek clarification from the Government regarding why it maintains a lower target.

Annex A: User Guide for the IMD

Getting Started

How do I log-in?

- You will need to choose an email address and password.
- New users should click on the “New User” link to register.
- If you have forgotten your password, click on the “Forgotten Password” link and a temporary password will be sent to your email account.

How do I change my password?

- Click on the “Settings” link, located in the upper right hand corner of the screen.
- Under the “My Profile” tab, enter a new password and click on “Save Settings”.

Retrieving Information

How do I find out how much an organization has spent?

- On the search screen, click on the “Search database” tab. Select an organization, vote and year. Then click on “search database”.
- For example, if you choose Transport Canada, Vote 1, for 2010-11, the results will indicate that Total Operating Expenditures (*i.e.* operating, plus employee benefits and ministerial car allowance) are budgeted at \$734 million in 2010-11, and there is reported spending of approximately \$495 million, or 67% of budgeted authorities.

Transport Canada: First 3 Quarters of 2010-11

Department/Agency	Vote	Authorities \$000s	Reported Spending \$000s	% of Total Authorities
Total Operating Expenditures	1	734,027	495,234	67%
Operating expenditures	1	664,388	495,234	74%
Subtotal		734,027	495,234	

How do I obtain comparative information, including year-to-year changes?

- On the search screen, click on the “Search database” tab. Select an organization, vote and year. Then click on the box “compare to previous year” and select the year of comparison on the drop down menu, as well as whether the changes should be shown in percentages or dollars.
- For example, looking at Transport Canada, Vote 1, for 2010-11, you could compare to the previous year (2009-10) and show the variances in percentages and dollars.
- The results indicate that the total budgeted authorities have risen over 30% in the current fiscal year and that reported spending has grown over 60%. In addition, for the first three quarters of the year, Transport Canada has expended 67% of its authorities, compared to 60% during the same period in the previous fiscal year.

Transport Canada: First 3 Quarters of 2010-11

	Vote	Total Authorities 2010-11 (\$000s)	Total Authorities 2009-10 (\$000s)	% Variance	Reported Spending 2010-11 (\$000s)	Reported Spending 2009-10 (\$000s)	% Variance	% of Total Authorities 2010-11	% of Total Authorities 2009-10
Total Operating Expenditures		739,366	508,725	31%	495,234	304,997	62%	67%	60%
Operating expenditures	1	669,726	442,306	34%	495,234	304,997	62%	74%	69%

How do I obtain more detailed information regarding when budgeted authorities were approved?

- On the search screen, click on the “View all Departments” tab, select a year and click on “search database”. Organizations will be listed in alphabetical order.
- For example, if you select 2010-11 and scroll down to Transport Canada, you will be able to view a complete list of all votes under the “Dept/Line Item” column, along with when the corresponding budgetary authorities were provided (*i.e.* Main Estimates, Supplementary Estimates, Treasury Board Central Votes).

Interpreting the Results

What is the difference between “Operating Expenditures” and “Total Operating Expenditures”?

- “Operating Expenditures” corresponds to the operating vote listed in the Government’s Estimates.
- “Total Operating Expenditures” is the sum of all operating-related expenditures listed in the Government’s Estimates, which includes the operating vote, plus employee benefits and the ministerial motorcar allowance.