

Financial Statements of

The Senate of Canada

For the Year Ended March 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Chair of the Standing Committee on Internal Economy, Budgets and Administration, the Senate of Canada

We have audited the accompanying financial statements of the Senate of Canada, which comprise the statement of financial position as at March 31, 2015, the statements of operations, accumulated surplus and cash flows for the year then ended, and notes, comprising 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our 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, we consider 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Senate of Canada as at March 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

January 13, 2016

Ottawa, Canada

The Senate of Canada MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2015, and all the information contained in these statements rests with The Senate of Canada (the "Senate") management. These financial statements have been prepared in accordance with Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the financial transactions of the Senate of Canada.

Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded, and that transactions are properly authorized and recorded in accordance with the *Senate Administrative Rules* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff, through organizational arrangements that provide appropriate divisions of responsibility, and through communication programs aimed at ensuring that regulations, policies, guidelines, standards and managerial authorities are understood throughout the Senate.

These financial statements have been audited by KPMG LLP, the independent auditors of the Senate of Canada.


Nicole Proulx
Chief, Corporate Services Officer and
Clerk of the Standing Committee on
Internal Economy, Budgets and Administration
The Senate of Canada
Ottawa, Canada


Pascale Legault, CPA, CA
Chief Financial Officer
The Senate of Canada
Ottawa, Canada

THE SENATE OF CANADA

Statement of Financial Position

As at March 31, 2015 with comparative figures as at March 31, 2014

(In dollars)	2015	2014
Assets		
Financial assets:		
Deposits on hand at year end	\$ 294	\$ 4,302
Due from the Consolidated Revenue Fund	5,332,616	1,875,017
Accounts receivable and advances (note 4)	1,523,174	910,519
	<u>6,856,084</u>	<u>2,789,838</u>
Non-financial assets:		
Tangible capital assets (note 5)	6,262,137	5,301,489
Prepaid expenses	473,279	212,076
	<u>6,735,416</u>	<u>5,513,565</u>
Total assets	\$ 13,591,500	\$ 8,303,403

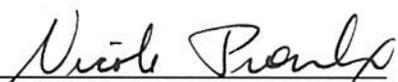
Liabilities and Accumulated Surplus

Financial liabilities:		
Accounts payable and accrued liabilities	\$ 6,506,971	\$ 2,657,779
Vacation pay and compensatory leave	1,743,261	1,715,875
Employee severance benefits (note 6(b))	2,268,099	2,847,271
	<u>10,518,331</u>	<u>7,220,925</u>
Accumulated surplus	3,073,169	1,082,478
Total liabilities and accumulated surplus	\$ 13,591,500	\$ 8,303,403

Commitments (note 9)

Contingencies (note 10)

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


Nicole Proulx
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Ottawa, Canada


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THE SENATE OF CANADA

Statement of Operations

Year Ended March 31, 2015, with comparative figures for 2014

(In dollars)	Budget (note 13)	2015	2014
Expenses:			
Expenses subject to budgetary spending authorities:			
Salaries and benefits	\$ 68,888,068	\$ 66,952,489	\$ 67,952,699
Transportation and communications	12,174,100	7,418,979	7,665,762
Professional services, hospitality and meals	5,616,484	2,465,561	2,839,217
Machinery and equipment (note 5)	2,184,355	754,817	368,480
Repairs and maintenance	596,405	551,274	532,850
Materials and supplies	861,188	687,771	699,054
Information and publications	629,578	609,846	484,987
Rentals	887,999	934,480	864,341
Miscellaneous	-	219,962	1,212
Contribution to external organizations	547,000	421,775	402,207
	<u>92,385,177</u>	<u>81,016,954</u>	<u>81,810,809</u>
Other expenses:			
Services provided without charge (note 8(a)):			
Accommodation		14,973,148	14,881,287
Employer's contribution to the health and dental insurance plans		4,759,833	4,866,777
Workers' compensation services		163,843	172,478
Amortization of tangible capital assets		1,019,679	986,491
		<u>20,916,503</u>	<u>20,907,033</u>
Total expenses		<u>101,933,457</u>	<u>102,717,842</u>
Revenues:			
Refund of previous year expenditures		196,611	426,176
Miscellaneous revenues		14,389	12,653
Total revenues		<u>211,000</u>	<u>438,829</u>
Net cost of operations		<u>101,722,457</u>	<u>102,279,013</u>
Funded by:			
Net cash provided from the Consolidated Revenue Fund		80,358,725	84,720,613
Change in due from the Consolidated Revenue Fund		3,457,599	(421,404)
Services provided without charge (note 8(a))		19,896,824	19,920,542
Total funds provided		<u>103,713,148</u>	<u>104,219,751</u>
Annual surplus	\$	<u>1,990,691</u>	\$ <u>1,940,738</u>

Services Provided Without Charge: Office of the Auditor General (Note 8(b))

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

THE SENATE OF CANADA

Statement of Accumulated Surplus

Year Ended March 31, 2015, with comparative figures for 2014

(In dollars)	2015	2014
Accumulated surplus (deficit), beginning of year	\$ 1,082,478	\$ (858,260)
Annual surplus	1,990,691	1,940,738
Accumulated surplus, end of year	\$ 3,073,169	\$ 1,082,478

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

THE SENATE OF CANADA

Statement of Cash Flows

Year Ended March 31, 2015, with comparative figures for 2014

(In dollars)	2015	2014
Cash provided by (used in):		
Operations:		
Net cost of operations	\$ 101,722,457	\$ 102,279,013
Non-cash items:		
Amortization of tangible capital assets (note 5)	(1,019,679)	(986,491)
Services provided without charge	(19,896,824)	(19,920,542)
Loss on disposal of tangible capital assets	(199,069)	-
Variations in Statement of Financial Position balances:		
Deposit on hand at year-end	(4,008)	3,704
Accounts receivable and advances	612,655	(546,588)
Prepaid expenses	261,203	(1,736)
Accounts payable and accrued liabilities	(3,849,192)	948,283
Vacation pay and compensatory leave	(27,386)	99,326
Employee severance benefits	579,172	1,295,201
	<u>78,179,329</u>	<u>83,170,170</u>
Capital activities:		
Acquisitions of tangible capital assets (note 5)	2,200,242	1,550,443
Proceeds on disposal of tangible capital assets	(20,846)	-
	<u>2,179,396</u>	<u>1,550,443</u>
<u>Net cash provided from the Consolidated Revenue Fund</u>	<u>\$ 80,358,725</u>	<u>\$ 84,720,613</u>

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

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2015

(in dollars)

1. Authority and objectives:

The Senate of Canada is a self-governing institution, established under the *Constitution Act, 1867* and its authority to act on all financial and administrative matters is provided under the *Parliament of Canada Act*. The Senate has four main functions; to debate; to legislate; to investigate national issues; and to represent regional, provincial and minority interests. Senators perform these functions either individually through their offices or collectively through deliberations in the Senate Chamber and in committees. The Senate administration provides the support services required by Senators in the performance of these parliamentary functions.

2. Summary of significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared in accordance with Canadian public sector accounting standards.

(b) Parliamentary appropriations:

The Senate of Canada is funded from the Consolidated Revenue Fund of Canada through Parliamentary appropriations. Appropriations provided to the Senate do not parallel financial reporting according to Canadian public sector accounting standards since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

(c) Net cash provided from the Consolidated Revenue Fund:

The Senate of Canada operates within the Consolidated Revenue Fund ("CRF"), which is administered by the Receiver General for Canada. All cash received by the Senate is deposited to the CRF and all cash disbursements made by the Senate are paid from the CRF. The net cash provided from the CRF is the difference between all cash receipts and all cash disbursements including transactions with departments of the Federal Government.

(d) Due from the Consolidated Revenue Fund:

Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Senate is entitled to draw from the CRF without further appropriations to discharge its liabilities.

(e) Revenues:

Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenue.

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2015

(in dollars)

2. Summary of significant accounting policies (continued):

(f) Expenses:

Expenses are recorded when the underlying transaction or event occurred, subject to the following:

- Transfer payments are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.
- Vacation and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- Services received without charge from federal government departments for accommodation, the employer's contribution to the health and dental insurance plans, and the administrative charges for Workers' Compensation Boards and Commissions are recorded as operating expenses at their estimated costs.

(g) Employee future benefits:

- (i) Pension benefits: Eligible employees participate in the Public Service Superannuation Plan, a multiemployer plan administered by the Government of Canada. The Senate's contributions to the Plan are charged to expenses in the year incurred and represent the Senate's total obligation to the Plan. Current legislation does not require the Senate to make contributions for any actuarial deficiencies to the Plan.
- (ii) Severance benefits: Employees were entitled to severance benefits under labour contracts or the terms and conditions of employment. As with the broader public service, the accumulation of severance benefits ceased for employees of the Senate as the Senate concluded its collective agreements with unionized staff and made changes to conditions of employment. The revisions to terms and conditions of employment were made over a three year period with the final group taking effect in 2013-14. Employees subject to these changes were given the option to be immediately paid the full or partial value of benefits earned to date, or collect the full or remaining value of benefits upon termination from the Senate of Canada. For those employees who did not opt for an immediate payment, the obligation is calculated as at March 31st, based on the employees earned number of weeks and their salary at March 31st. These remaining severance benefits are not pre-funded and will be paid from future appropriations in the year of departure of the employee.

(h) Members' pension accounts:

Assets and liabilities for the members' pension accounts are not included in the Senate's statement of financial position as these accounts are the responsibility of the Government of Canada. The Senate's contribution to these accounts is charged to salaries and benefits expense in the year incurred.

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2015

(in dollars)

2. Summary of significant accounting policies (continued):

(i) Accounts receivable and advances:

Accounts receivable and advances are stated at amounts expected to be ultimately realized. A provision is made for receivables where recovery is considered uncertain.

(j) Contingent liabilities:

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(k) Tangible capital assets:

All tangible capital assets and leasehold improvements having an initial cost of \$3,000 or more are recorded at their acquisition cost. Amounts included in assets under development are transferred to the appropriate class of asset upon completion and are then amortized. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the tangible capital asset as follows:

Asset	Amortization period
Machinery and equipment	3 to 15 years
Informatics hardware	3 to 7 years
Informatics software	2 to 5 years
Furniture and furnishings	5 to 20 years
Motor vehicles	3 to 10 years
Leasehold improvements	Over the useful life of the improvement

(l) Measurement uncertainty:

The preparation of these financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2015

(in dollars)

3. Parliamentary Appropriations:

The Senate of Canada receives most of its funding through annual Parliamentary Appropriations. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary Appropriations in prior, current or future years. Accordingly, the Senate has different net results of operations for the year on an appropriations funding basis than on an accrual accounting basis. The differences are reconciled below:

(a) Reconciliation of net cost of operations to current year appropriations used:

	2015	2014
Net cost of operations	\$ 101,722,457	\$ 102,279,013
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Services provided without charge	(19,896,824)	(19,920,542)
Amortization of tangible capital assets	(1,019,679)	(986,491)
Refund of previous year expenditures	196,611	426,176
Loss on disposal of capital assets	(199,069)	-
Decrease (increase) in vacation pay and compensatory leave liability	(27,386)	99,326
Adjustment to employee severance benefits	-	40,649
Decrease in employee severance benefits	579,172	1,295,201
Other	(11,104)	(87,989)
	(20,378,279)	(19,133,670)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Acquisitions of tangible capital assets	2,200,242	1,550,443
Proceeds on disposal of capital assets	(20,846)	-
Increase in prepaid expenses	261,203	(1,736)
Transition payments for implementing salary payments in arrears (note 11)	1,617,614	-
Current year appropriations used	\$ 85,402,391	\$ 84,694,050

(b) Appropriations used:

	2015	2014
Vote 1 - Operating expenditures	\$ 58,432,359	\$ 58,169,816
Statutory Senators' salaries, allowances and retirement contributions	21,899,098	23,665,559
Statutory contributions to benefits plan	6,622,198	7,212,635
Less: lapsed appropriations - operating	(1,551,264)	(4,353,960)
Current year appropriations used	\$ 85,402,391	\$ 84,694,050

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2015

(in dollars)

3. Parliamentary Appropriations (continued):

(c) Reconciliation of net cash provided from the Consolidated Revenue Fund to current year appropriations used:

	2015	2014
Net cash provided from the Consolidated Revenue Fund	\$ 80,358,725	\$ 84,720,613
Refund of previous year expenditures	196,611	426,176
Transition payments for salary payments in arrears (note 11)	1,617,614	-
Decrease (increase) in GST/HST refundable	(217,054)	16,005
Adjustment to employee severance benefits	-	40,649
Other	(11,104)	(87,989)
Change in net position in the Consolidated Revenue Fund:		
Decrease (increase) in deposits on hand	4,008	(3,704)
Decrease (increase) in accounts receivable and advances (excluding GST/HST refundable)	(395,601)	530,583
Increase (decrease) in account payable and accrued liabilities	3,849,192	(948,283)
	3,457,599	(421,404)
Current year appropriations used	\$ 85,402,391	\$ 84,694,050

4. Accounts receivable and advances:

	2015	2014
Receivables from federal government departments and agencies	\$ 1,090,863	\$ 699,575
Receivables from external parties	426,661	205,794
Petty cash and advances	5,650	5,150
	\$ 1,523,174	\$ 910,519

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2015

(in dollars)

5. Tangible capital assets:

	Cost				Closing balance
	Opening balance	Acquisitions	Disposals	Transfers of assets under development	
Machinery and equipment	\$ 4,987,186	\$ 1,169,420	\$(1,398,453)	\$ -	\$ 4,758,153
Informatics hardware	1,954,581	311,702	(99,932)	-	2,166,351
Informatics software	2,768,393	261,201	-	436,923	3,466,517
Furniture and furnishings	3,827,833	220,078	(252,552)	-	3,795,359
Motor vehicles	494,705	34,815	(187,411)	-	342,109
Assets under development	436,923	203,026	-	(436,923)	203,026
Leasehold improvements	550,072	-	-	-	550,072
	\$15,019,693	\$ 2,200,242	\$(1,938,348)	-	\$15,281,587

	Accumulated amortization			Closing balance
	Opening balance	Amortization	Disposals	
Machinery and equipment	\$ 3,661,504	\$ 289,318	\$(1,234,762)	\$ 2,716,060
Informatics hardware	1,249,199	205,291	(99,932)	1,354,558
Informatics software	2,240,458	213,470	-	2,453,928
Furniture and furnishings	2,093,321	241,804	(252,552)	2,082,573
Motor vehicles	214,294	33,124	(131,187)	116,231
Leasehold improvements	259,428	36,672	-	296,100
	\$ 9,718,204	\$ 1,019,679	\$(1,718,433)	\$ 9,019,450

Net book value	2015	2014
Machinery and equipment	\$ 2,042,093	\$ 1,325,682
Informatics hardware	811,793	705,382
Informatics software	1,012,589	527,935
Furniture and furnishings	1,712,786	1,734,512
Motor vehicles	225,878	280,411
Assets under development	203,026	436,923
Leasehold improvements	253,972	290,644
	\$ 6,262,137	\$ 5,301,489

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2015

(in dollars)

5. Tangible capital assets (continued):

Amortization expense for the year ended March 31, 2015 is \$1,019,679 (2014 - \$986,491).

Parliamentary appropriations budgeted for machinery and equipment in the year ended March 31, 2015 as shown on the Statement of Operations is \$2,184,355. This budget is used to fund the acquisition of tangible capital assets included on the Statement of Financial Position (2015 - \$2,200,242) as well as the cost of machinery and equipment expense included on the Statement of Operations (2015 - \$754,817). Following budget reallocation approval, total Parliamentary appropriations used for the acquisition of capital and non-capital machinery and equipment in the year ended March 31, 2015 represented \$2,955,059.

6. Employee benefits:

(a) Pension benefits:

The Senate of Canada employees participate in the Public Service Superannuation account, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of two per cent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Senate contribute to the cost of the Plan. The 2014-2015 expense amounts to \$4,526,935 (\$5,071,204 in 2013-2014), which represents approximately 2 times the contributions made by employees.

The Senate's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Employee Severance benefits:

As described in note 2 (g), the Senate of Canada provides severance benefits to certain of its employees based on eligibility, years of service, and final salary. These severance benefits are not prefunded. Benefits will be paid from future appropriations in the year of departure of the employee. Information about the severance benefits, measured at March 31, is as follows:

	2015	2014
Employee severance benefit liability, beginning of year	\$ 2,847,271	\$ 4,142,472
Change in liability for the year	81,351	214,009
Benefits paid during the year	(660,523)	(1,509,210)
Employee severance benefit liability, end of year	\$ 2,268,099	\$ 2,847,271

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2015

(in dollars)

7. Members' pension accounts:

The members' pension accounts consist of two separate accounts: the Members of Parliament Retiring Allowances Accounts (MPRA) and the Members of Parliament Retirement Compensation Arrangements Account (RCA), which are the responsibility of the Government of Canada. Contributions made by the Senate to these plans totalled \$3,360,351 in 2014-2015 (\$3,613,261 in 2013-2014) and are recorded in salaries and benefits expense. Details of these plans can be found in the Consolidated Public Accounts of the Government of Canada.

8. Related party transactions:

The Senate of Canada is related to all Government of Canada departments, agencies, and Crown corporations. The Senate enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, The Senate received services which were obtained without charge from federal government departments disclosed in notes (a) and (b).

(a) Services provided without charge:

The Senate received without charge from federal government departments, accommodation services, the employer's contribution to the health and dental insurance plans, and workers' compensation. These services have been recognized in the Senate's Statement of Operations as follows:

	2015	2014
Accommodation	\$ 14,973,148	\$ 14,881,287
Employer's contribution to the health and dental insurance plans	4,759,833	4,866,777
Workers' compensation services	163,843	172,478
Total	\$ 19,896,824	\$ 19,920,542

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2015

(in dollars)

8. Related Party Transactions (continued):

(b) Office of the Auditor General:

Subsequent to year-end, the Office of the Auditor General (OAG) completed their audit of Senators' expenses incurred in the years ended March 31, 2013 and 2012. Any reimbursement of expenses by Senators as a result of this audit will be recorded as a 'Refund of Prior Year Expenditures' in the year received.

As per their normal practice, the Office of the Auditor General did not charge the Senate for the professional services relating to this audit. The total cost of this audit, as determined and reported by the OAG, was approximately \$23.6 million, incurred in the following fiscal years:

2013-14 (actual)	\$4.5 million
2014-15 (actual)	\$16.1 million
2015-16 (actual)	\$2.2 million
2015-16 (forecasted)	\$0.8 million

These costs were not disclosed by the OAG until completion of their audit in June 2015, and have not been included in the statement of operations of the Senate.

(c) Other related party transactions:

The Government of Canada has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of other federal employers without charge. The costs of these services, which include payroll for Senate employees and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the Senate's Statement of Operations.

Payables and receivables outstanding at year-end with related parties:

	2015	2014
Accounts receivable with government departments and agencies	\$ 1,090,863	\$ 699,575
Accounts payable to government departments and agencies	734,086	190,713

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Notes to Financial Statements

Year Ended March 31, 2015

(in dollars)

9. Commitments:

The Senate of Canada has entered into contractual obligations. Commitments for contractual obligations are as follows:

2016	\$ 1,180,546
2017	193,803
2018	38,325
<hr/>	
Total	\$ 1,412,674

10. Contingencies:

Claims are made against the Senate in the normal course of operations. To the extent that a future event causing a liability is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements. The Senate believes that any potential settlement would be insignificant to the financial statements, taken as a whole.

11. Transition payments for implementing salary payments in arrears:

The Senate implemented salary payments in arrears in 2014-15. As a result, one-time payments totalling \$1,617,614 were issued to employees and will be recovered from them in the future. The transition to salary payments in arrears forms part of the transformation initiative that replaces the pay system and also streamlines and modernizes the pay processes. This change to the pay system had no impact on the expenses of the Senate. However, it did result in the use of additional spending authorities by the Senate. Prior to year end, the transition payments for implementing salary payments in arrears were transferred to a central account administered by Public Works and Government Services Canada, who is responsible for the administration of the Government pay system.

12. Subsequent event:

On June 23, 2015, Bill C-59, Economic Action Plan 2015 Act, No. 1, received Royal Assent and a new statutory office called the Parliamentary Protective Service (PPS) was established. The PPS will be responsible for all matters relating to physical security throughout the Parliamentary Precinct and the grounds of Parliament Hill. The Speaker of the Senate and the Speaker of the House of Commons are responsible for and provide general policy direction to this new service. Assets related to security within the Senate as well as Senate Protective Service personnel will be transferred to the PPS from the Senate during the 2015-16 fiscal year.

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2015

(in dollars)

13. Budget figures:

Budget figures have been provided for comparison purposes. The budget figures are the amounts included in the Senate's Main and Supplementary Estimates.

14. Comparative figures:

Certain 2014 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2015.