

Financial Statements of
The Senate of Canada
For the Year Ended March 31, 2016



KPMG LLP
150 Elgin Street, Suite 1800
Ottawa ON K2P 2P8
Canada
Telephone 613-212-5764
Fax 613-212-2896

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, 2016, 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, 2016, 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

October 27, 2016

Ottawa, Canada

The Senate of Canada

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

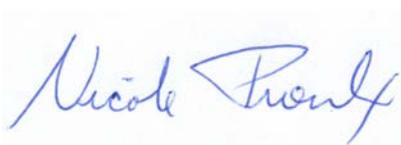
Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2016, and all the information contained in these statements rests with The Senate of Canada (the "Senate") management. These financial statements have been prepared in accordance with 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, 2016 with comparative figures as at March 31, 2015

(In dollars)	2016	2015
Assets		
Financial assets:		
Deposits on hand at year end	\$ -	\$ 294
Due from the Consolidated Revenue Fund	3,992,217	5,332,616
Accounts receivable and advances (note 4)	2,491,908	1,523,174
	6,484,125	6,856,084
Non-financial assets:		
Tangible capital assets (note 5)	6,460,124	6,262,137
Prepaid expenses	460,212	473,279
	6,920,336	6,735,416
Total assets	\$ 13,404,461	\$ 13,591,500

Liabilities and Accumulated Surplus

Financial liabilities:		
Accounts payable and accrued liabilities	\$ 6,253,893	\$ 6,506,971
Vacation pay and compensatory leave	1,605,401	1,743,261
Employee severance benefits (note 6(b))	1,959,288	2,268,099
	9,818,582	10,518,331
Accumulated surplus	3,585,879	3,073,169
Total liabilities and accumulated surplus	\$ 13,404,461	\$ 13,591,500

Contractual obligations (note 9)

Contingencies (note 10)

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

THE SENATE OF CANADA

Statement of Operations

Year Ended March 31, 2016, with comparative figures for 2015

(In dollars)	Budget (note 13)	2016	2015
Expenses:			
Expenses subject to budgetary spending authorities:			
Salaries and benefits	\$ 66,626,925	\$ 60,255,792	\$ 66,952,489
Transportation and communications	7,913,532	5,504,930	7,500,387
Professional services, hospitality and meals	5,149,875	2,902,810	2,384,153
Machinery and equipment (note 5)	1,477,355	296,865	754,817
Repairs and maintenance	557,405	550,678	551,274
Materials and supplies	849,781	579,434	687,771
Information and publications	629,578	531,308	609,846
Rentals and licenses	886,499	1,196,091	934,480
Miscellaneous	-	50,397	219,962
Contribution to external organizations	572,609	418,679	421,775
	<u>84,663,559</u>	<u>72,286,984</u>	<u>81,016,954</u>
Other expenses:			
Services received without charge (note 8(a)):			
Accommodation		15,332,884	14,973,148
Employer's contribution to the health and dental insurance plans		4,485,174	4,759,833
Workers' compensation services		163,690	163,843
Amortization of tangible capital assets (note 5)		1,184,470	1,019,679
		<u>21,166,218</u>	<u>20,916,503</u>
Total expenses		<u>93,453,202</u>	<u>101,933,457</u>
Revenues:			
Refund of previous year expenditures		668,956	196,611
Miscellaneous revenues		12,093	14,389
Total revenues		<u>681,049</u>	<u>211,000</u>
Net cost of operations		<u>92,772,153</u>	<u>101,722,457</u>
Funded by:			
Net cash provided from the Consolidated Revenue Fund		75,189,353	80,358,725
Change in due from the Consolidated Revenue Fund		(1,340,399)	3,457,599
Services received without charge (note 8(a))		19,981,748	19,896,824
Total funds provided		<u>93,830,702</u>	<u>103,713,148</u>
Transfer to other Parliamentary entity (note 12)		(545,839)	-
Annual surplus	\$	512,710	\$ 1,990,691

Services Received 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, 2016, with comparative figures for 2015

(In dollars)	2016	2015
Accumulated surplus, beginning of year	\$ 3,073,169	\$ 1,082,478
Annual surplus	512,710	1,990,691
Accumulated surplus, end of year	\$ 3,585,879	\$ 3,073,169

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

THE SENATE OF CANADA

Statement of Cash Flows

Year Ended March 31, 2016, with comparative figures for 2015

(In dollars)	2016	2015
Cash provided by (used in):		
Operations:		
Net cost of operations	\$ 92,772,153	\$ 101,722,457
Non-cash items:		
Amortization of tangible capital assets (note 5)	(1,184,470)	(1,019,679)
Services received without charge (note 8(a))	(19,981,748)	(19,896,824)
Loss on disposal of tangible capital assets	(3,126)	(199,069)
Proceeds on disposal of capital assets	-	(20,846)
Variations in Statement of Financial Position balances:		
Deposit on hand at year-end	(294)	(4,008)
Accounts receivable and advances	968,734	612,655
Prepaid expenses	100,947	261,203
Accounts payable and accrued liabilities	214,579	(3,849,192)
Vacation pay and compensatory leave	7,201	(27,386)
Employee severance benefits	256,036	579,172
	73,150,012	78,158,483
Capital activities:		
Acquisitions of tangible capital assets (note 5)	2,039,341	2,200,242
Net cash provided from the Consolidated Revenue Fund	\$ 75,189,353	\$ 80,358,725

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

THE SENATE OF CANADA

Notes to Financial Statements
Year Ended March 31, 2016
(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 Government of Canada.

(d) Due from the Consolidated Revenue Fund:

Amounts due from the Consolidated Revenue Fund ("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.

THE SENATE OF CANADA

Notes to Financial Statements
Year Ended March 31, 2016
(In dollars)

2. Summary of significant accounting policies (continued):

(e) Revenues:

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

(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 as at March 31st. These remaining severance benefits are not prefunded and will be paid from future appropriations in the year of departure of the employee.

THE SENATE OF CANADA

Notes to Financial Statements
Year Ended March 31, 2016
(In dollars)

2. Summary of significant accounting policies (continued):

(iii) Sick Leave: Employees are permitted to accumulate unused sick leave which they can only use in the event of an illness. Accumulated unused sick leave upon employee termination is not payable to the employee. No related amount has been accrued in these financial statements. The accrued liability relating to this benefit is recognized in the financial statements of the Government of Canada.

(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.

(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:

THE SENATE OF CANADA

Notes to Financial Statements
Year Ended March 31, 2016
(In dollars)

2. Summary of significant accounting policies (continued):

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) Heritage Assets:

The Senate holds in trust for the Canadian public a collection of objects that are of historical value or interest to Canadian heritage. These include furniture, artworks, and artifacts such as antique senators' desks, paintings by Canadian artists, and chains of office. Unlike tangible capital assets, these heritage assets are not recorded on the Statement of Financial Position, as the value of a heritage asset collection is not defined by its monetary value. The Senate's heritage asset collection is self-insured and as at March 31st is composed of the following:

Object Type	Number of Items
Furniture	1,362
Artwork	393
Artifacts	4,811

(m) 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 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, 2016
(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:

	2016	2015
Net cost of operations	\$ 92,772,153	\$ 101,722,457
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Services received without charge (note 8(a))	(19,981,748)	(19,896,824)
Amortization of tangible capital assets (note 5)	(1,184,470)	(1,019,679)
Refund of previous year expenditures	668,956	196,611
Loss on disposal of capital assets	(3,126)	(199,069)
Decrease (increase) in vacation pay and compensatory leave liability	7,201	(27,386)
Decrease in employee severance benefits liability	256,036	579,172
Other	654	(11,104)
	(20,236,497)	(20,378,279)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Acquisitions of tangible capital assets (note 5)	2,039,341	2,200,242
Proceeds on disposal of capital assets	-	(20,846)
Increase in prepaid expenses	100,947	261,203
Transfers of prepaid assets to other Parliamentary entity (note 12)	(114,014)	-
Transition payments for implementing salary payments in arrears (note 11)	10,163	1,617,614
Current year appropriations used	\$ 74,572,093	\$ 85,402,391

(b) Appropriations used:

	2016	2015
Vote 1 - Operating expenditures	\$ 52,946,960	\$ 58,432,359
Statutory Senators' salaries, allowances and retirement contributions	19,592,251	21,899,098
Statutory contributions to benefits plan	5,839,704	6,622,198
Less: lapsed appropriations - operating	(3,806,822)	(1,551,264)
Current year appropriations used	\$ 74,572,093	\$ 85,402,391

THE SENATE OF CANADA

Notes to Financial Statements
Year Ended March 31, 2016
(In dollars)

3. Parliamentary Appropriations (continued):

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

	2016	2015
Net cash provided from the Consolidated Revenue Fund	\$ 75,189,353	\$ 80,358,725
Refund of previous year expenditures	668,956	196,611
Transition payments for salary payments in arrears (note 11)	10,163	1,617,614
Decrease (increase) in GST/HST refundable	118,881	(217,054)
Transfers of prepaid assets to other Parliamentary entity (note 12)	(114,014)	-
Transfers of accounts payable and accrued liability to other Parliamentary entity (note 12)	38,499	
Other	654	(11,104)
Change in due from the Consolidated Revenue Fund:		
Decrease in deposits on hand	294	4,008
Increase in accounts receivable and advances (excluding GST/HST refundable)	(1,087,615)	(395,601)
Increase (decrease) in accounts payable and accrued liabilities	(253,078)	3,849,192
	(1,340,399)	3,457,599
Current year appropriations used	\$ 74,572,093	\$ 85,402,391

4. Accounts receivable and advances:

	2016	2015
Receivables from federal government departments and agencies	\$ 1,565,209	\$ 1,090,863
Receivables from external parties	921,549	426,661
Petty cash and advances	5,150	5,650
	\$ 2,491,908	\$ 1,523,174

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2016

(In dollars)

5. Tangible capital assets:

	Cost					Closing Balance
	Opening Balance	Acquisitions	Disposals	Transfers of Assets Under Development	Transfers to Other Parliamentary Entity	
Machinery and equipment	\$ 4,758,153	\$ 254,450	\$ (89,121)	-	\$ (751,872)	\$ 4,171,610
Informatics hardware	2,166,351	355,352	(73,853)	-	-	2,447,850
Informatics software	3,466,517	1,097,966	(260,015)	170,406	-	4,474,874
Furniture and furnishings	3,795,359	179,856	(200,512)	-	(35,097)	3,739,606
Motor vehicles	342,109	12,460	-	-	-	354,569
Assets under development	203,026	118,799	-	(170,406)	-	151,419
Leasehold improvements	550,072	20,458	-	-	-	570,530
	\$ 15,281,587	\$ 2,039,341	\$ (623,501)	-	\$ (786,969)	\$ 15,910,458

	Accumulated Amortization				Closing Balance
	Opening Balance	Amortization	Disposals	Transfers to Other Parliamentary Entity	
Machinery and equipment	\$ 2,716,060	\$ 349,228	\$ (88,946)	\$ (132,873)	\$ 2,843,469
Informatics hardware	1,354,558	229,447	(70,902)	-	1,513,103
Informatics software	2,453,928	306,068	(260,015)	-	2,499,981
Furniture and furnishings	2,082,573	222,622	(200,512)	(338)	2,104,345
Motor vehicles	116,231	40,433	-	-	156,664
Leasehold improvements	296,100	36,672	-	-	332,772
	\$ 9,019,450	\$ 1,184,470	\$ (620,375)	\$ (133,211)	\$ 9,450,334

THE SENATE OF CANADA

Notes to Financial Statements
Year Ended March 31, 2016
(In dollars)

5. Tangible capital assets (continued):

Net book value	2016	2015
Machinery and equipment	\$ 1,328,141	\$ 2,042,093
Informatics hardware	934,747	811,793
Informatics software	1,974,893	1,012,589
Furniture and furnishings	1,635,261	1,712,786
Motor vehicles	197,905	225,878
Assets under development	151,419	203,026
Leasehold improvements	237,758	253,972
	\$ 6,460,124	\$ 6,262,137

Amortization expense for the year ended March 31, 2016 is \$1,184,470 (2015 - \$1,019,679).

Parliamentary appropriations budgeted for Machinery and Equipment in the year ended March 31, 2016 as shown on the Statement of Operations is \$1,477,355. This budget is used to fund the acquisition of tangible capital assets included on the Statement of Financial Position (2016 - \$2,039,341) as well as the cost of Machinery and Equipment expense included on the Statement of Operations (2016 - \$296,865). 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, 2016 represented \$2,336,206.

6. Employee benefits:

(a) Pension benefits:

The Senate of Canada employees participate in the Public Service Superannuation Plan, 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 and Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Senate contribute to the cost of the Plan. The 2015-16 Senate contributions totalled \$4,025,308 (\$4,526,935 in 2014-15), 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.

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2016

(In dollars)

6. Employee benefits (continued):

(b) Employee severance benefits:

As described in note 2 (g), the accumulation of severance benefits, which the Senate of Canada provided severance benefits to certain of its employees based on eligibility, years of service, and final salary, has ceased. The remaining balance of the benefits is not prefunded and 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:

	2016	2015
Employee severance benefit liability, beginning of year	\$ 2,268,099	\$ 2,847,271
Change in liability for the year	107,490	81,351
Benefits paid during the year	(416,301)	(660,523)
Employee severance benefit liability, end of year	\$ 1,959,288	\$ 2,268,099

7. Members' pension accounts:

The Members' Pension Accounts consists 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 \$3,091,073 in 2015-16 (\$3,360,351 in 2014-15) 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 8 (a) and (b).

(a) Services received 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:

THE SENATE OF CANADA

Notes to Financial Statements
Year Ended March 31, 2016
(In dollars)

8. Related party transactions (continued):

	2016	2015
Accommodation	\$ 15,332,884	\$ 14,973,148
Employer's contribution to the health and dental insurance plans	4,485,174	4,759,833
Workers' compensation services	163,690	163,843
Total	\$ 19,981,748	\$ 19,896,824

(b) Office of the Auditor General:

In June 2015, the Office of the Auditor General (OAG) completed their audit of Senators' expenses incurred in the years ended March 31, 2012 and 2013. Reimbursements of expenses by senators are included under "Refund of Previous Year Expenditures".

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 \$23.4 million, incurred during fiscal years 2013-14, 2014-15, and 2015-16.

(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, cheque issuance services, and translation services provided by Public Services and Procurement Canada, are not included as an expense in the Senate's Statement of Operations.

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

	2016	2015
Accounts receivable with government departments and agencies	\$ 1,565,209	\$ 1,090,863
Accounts payable to government departments and agencies	370,818	734,086

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2016

(In dollars)

9. Contractual obligations:

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

2017	\$	1,050,929
2018		389,893
2019		268,111
<hr/>		
Total	\$	1,708,933

10. Contingencies:

As at March 31, 2016, a provision of \$65,000 has been recorded based on the Senate's assessment of potential liability from claims and litigation (2015 - \$15,000). The effect, if any, of ultimate resolution of these matters will be accounted for when determinable.

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. Current year expenditures for employees who did not receive the transition payment in 2014-15 totalled \$10,163. 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 Services and Procurement Canada, who is responsible for the administration of the Government pay system.

12. Transfer to other Parliamentary Entity:

Effective June 23, 2015, the Senate of Canada transferred responsibility for protective services to the Parliamentary Protective Service (PPS) in accordance with the Economic Action Plan 2015 Act No. 1, including stewardship responsibility for the assets and liabilities related to protective services. The PPS is 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 entity. Accordingly, the Senate of Canada transferred the following assets and liabilities to the PPS on June 23, 2015, and these balances are therefore not included in the total assets and liabilities of the Senate as at March 31, 2016.

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2016

(In dollars)

12. Transfer to other Parliamentary Entity (continued):

Assets	
Tangible capital assets (net book value) (note 5)	653,758
Prepaid expenses	114,014
Total assets transferred	767,772
Liabilities	
Vacation pay and compensatory leave	130,659
Severance liability	52,775
Accrued liabilities	38,499
Total liabilities transferred	221,933
Total transferred to other Parliamentary Entity	\$ 545,839

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 2014-15 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2015-16.