

Office of the Ethics Commissioner

Financial Statements

Year Ended March 31, 2023



Hon. Marguerite Trussler
Ethics Commissioner



Kent Ziegler
Chief Administrative Officer

OFFICE OF THE ETHICS COMMISSIONER

FINANCIAL STATEMENTS

Year ended March 31, 2023

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OFFICE OF THE ETHICS COMMISSIONER
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2023

	2023		2022
	Budget	Actual	Actual
REVENUES			
Refund of prior year expenses	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENSES - Directly Incurred (Note 3(b) and Schedule 3)			
Salaries, Wages and Employee Benefits	789,000	783,200	702,630
Supplies and Services	186,500	121,369	123,923
Amortization of Tangible Capital Assets (Note 5)	<u>13,000</u>	<u>12,275</u>	<u>12,586</u>
Total Program - Operations	<u>988,500</u>	<u>916,844</u>	<u>839,139</u>
Net Cost of Operations	<u>\$ (988,500)</u>	<u>\$ (916,844)</u>	<u>\$ (839,139)</u>

The accompanying notes and schedules are part of these financial statements.

**OFFICE OF THE ETHICS COMMISSIONER
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
Liabilities		
Accounts Payable and Other Accrued Liabilities	\$ -	\$ 33,696
Accrued Vacation Pay	64,568	51,896
	<u>64,568</u>	<u>85,592</u>
Net Debt	<u>(64,568)</u>	<u>(85,592)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 5)	12,275	24,550
	<u>12,275</u>	<u>24,550</u>
Net Liabilities	<u>\$ (52,293)</u>	<u>\$ (61,042)</u>
Net Liabilities at Beginning of Year	\$ (61,042)	\$ (99,310)
Net Cost of Operations	(916,844)	(839,139)
Net Financing Provided from General Revenues	<u>925,593</u>	<u>877,407</u>
Net Liabilities at End of Year	<u>\$ (52,293)</u>	<u>\$ (61,042)</u>

Contractual Obligations (Note 6)

The accompanying notes and schedules are part of these financial statements.

**OFFICE OF THE ETHICS COMMISSIONER
STATEMENT OF CHANGE IN NET DEBT
YEAR ENDED MARCH 31, 2023**

	2023		2022
	Budget	Actual	Actual
Net Cost of Operations	\$ (988,500)	\$ (916,844)	\$ (839,139)
Amortization of Tangible Capital Assets (Note 5)	13,000	12,275	12,586
Net Financing Provided from General Revenues		925,593	877,407
Decrease in Net Debt		\$ 21,024	\$ 50,854
Net Debt at Beginning of Year		(85,592)	(136,446)
Net Debt at End of Year		<u>\$ (64,568)</u>	<u>\$ (85,592)</u>

The accompanying notes and schedules are part of these financial statements.

**OFFICE OF THE ETHICS COMMISSIONER
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
Operating Transactions		
Net Cost of Operations	\$ (916,844)	\$ (839,139)
Non-Cash Items Included in Net Cost of Operations:		
Amortization of Tangible Capital Assets (Note 5)	12,275	12,586
Valuation Adjustments	<u>12,672</u>	<u>(48,576)</u>
	(891,897)	(875,129)
Decrease in Accounts Payable and Other Accrued Liabilities	<u>(33,696)</u>	<u>(2,278)</u>
Cash Applied to Operating Transactions	<u>(925,593)</u>	<u>(877,407)</u>
Financing Transactions		
Net Financing Provided from General Revenues	<u>925,593</u>	<u>877,407</u>
Increase in Cash	-	-
Cash at Beginning of Year	-	-
Cash at End of Year	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes and schedules are part of these financial statements.

**OFFICE OF THE ETHICS COMMISSIONER
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023**

NOTE 1 AUTHORITY

The Office of the Ethics Commissioner (the Office) operates under the authority of the *Conflicts of Interest Act* and the *Lobbyists Act*. The cost of operations of the Office is borne by the General Revenue Fund of the Province of Alberta. Annual operating budgets are approved by the Standing Committee on Legislative Offices.

NOTE 2 PURPOSE

The Office of the Ethics Commissioner enhances public confidence in the integrity of Members of the Legislative Assembly, Deputy Ministers, chief executives of 27 agencies, boards and commissions and political staff members by providing advice and guidance to them regarding their private interests in relation to their public responsibilities. The Office conducts investigations into allegations of conflicts of interest against Members, Deputy Ministers and chief executives of select agencies, boards and commissions and promotes the understanding by these people and the public of the obligations regarding conflict of interest contained in legislation or directive. The Office of the Ethics Commissioner also reviews and approves the Codes of Conduct for 104 agencies, boards and commissions.

The Office of the Ethics Commissioner is responsible for creating and maintaining a publicly-accessible lobbyists registry; providing advice and information to lobbyists and citizens on matters covered by the *Lobbyists Act*; and conducting investigations into possible contraventions of the *Lobbyists Act* which may require payment of an administrative penalty.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards, which use accrual accounting.

(a) Reporting Entity

The reporting entity is the Office of the Ethics Commissioner and for which the Ethics Commissioner is accountable.

The Office operates within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board, Minister of Finance. All cash disbursements made by the Office are paid from the fund. Net financing provided from general revenues is comprised of all cash disbursements made.

The Office has adopted PS3450 Financial Instruments. As the Office does not have any transactions involving financial instruments that are classified in the fair value category, there is no statement of remeasurement gains and losses.

**OFFICE OF THE ETHICS COMMISSIONER
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023**

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING
PRACTICES (Continued)**

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Office has primary responsibility and accountability for, as reflected in the Office's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets;
- pension costs which comprise the cost of employer contributions for current service of employees during the year; and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other related entities in support of the Office's operations are not recognized but disclosed in Schedule 3.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are financial claims such as advances to and receivables from other organizations, employees and other individuals.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities

Liabilities are present obligations of the Office to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

**OFFICE OF THE ETHICS COMMISSIONER
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023**

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

Non-Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver the Office's services;
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations.

Non-financial assets include tangible capital assets.

Tangible Capital Assets

Tangible capital assets of the Office are recognized at cost less accumulated amortization and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Amortization is only charged when the tangible capital asset is put into service.

(c) Net Debt

Net Debt indicates additional cash required from General Revenues to finance the Office's cost of operations to March 31, 2023.

NOTE 4 FUTURE CHANGES IN ACCOUNTING STANDARDS

The Public Sector Accounting Standards Board's PS 3400 Revenue and PS 3160 Public Private Partnerships are effective for fiscal years starting on or after April 1, 2023. Management has determined neither standard will impact the office's financial statements.

**OFFICE OF THE ETHICS COMMISSIONER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

NOTE 5 TANGIBLE CAPITAL ASSETS

	Leasehold Improvements	Office Equipment and Furniture	Computer Hardware and Software	2023 Total	2022 Total
Estimated Useful Life	4 years	10 years	3 years		
Historical Cost					
Beginning of year	\$ 49,101	\$ 10,593	\$ 173,561	\$233,255	\$233,255
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
	<u>49,101</u>	<u>10,593</u>	<u>173,561</u>	<u>233,255</u>	<u>233,255</u>
Accumulated Amortization					
Beginning of year	24,551	10,593	173,561	208,705	196,119
Amortization Expense	12,275	-	-	12,275	12,586
Effect of Disposals	-	-	-	-	-
	<u>36,826</u>	<u>10,593</u>	<u>173,561</u>	<u>220,980</u>	<u>208,705</u>
Net Book value at March 31, 2023	<u>\$ 12,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,275</u>	
Net Book value at March 31, 2022	<u>\$ 24,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,550</u>

**OFFICE OF THE ETHICS COMMISSIONER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

NOTE 6 CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations of the Office to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	<u>2023</u>	<u>2022</u>
Obligations under Operating Leases:		
Xerox Photocopier	\$ 7,620	\$ 9,525
Obligations under Contract:		
Annual Maintenance Costs	153,735	208,012
	<u>\$ 161,355</u>	<u>\$ 217,537</u>

Estimated payment requirements for each of the next four years are as follows:

	<u>Operating Leases</u>	<u>Obligations for Annual Maintenance Costs</u>	<u>Total</u>
2023-24	1,905	54,259	56,164
2024-25	1,905	54,259	56,164
2025-26	1,905	45,217	47,122
2026-27	1,905	-	1,905
Thereafter	-	-	-
Total	<u>\$ 7,620</u>	<u>\$ 153,735</u>	<u>\$ 161,355</u>

**OFFICE OF THE ETHICS COMMISSIONER
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023**

NOTE 7 BENEFIT PLANS

The Office participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP), Public Service Pension Plan (PSPP) and Supplementary Retirement Plan for Public Service Managers (SRP). The expense for these pension plans is equivalent to the annual contributions of \$54,785 for the year ended March 31, 2023 (2022 - \$55,161). The Office is not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2022, the MEPP reported a surplus of \$924,735,000 (2021: surplus \$1,348,160,000), the PSPP reported a surplus of \$4,258,721,000 (2021: surplus \$4,588,479,000), and the SRP reported a deficit of \$25,117,000 (2021: deficit \$20,982,000).

The Office also participates in a multi-employer Long Term Disability Income Continuance Plan. At March 31, 2023, the Management, Opted Out and Excluded Plan reported a deficit of \$1,962,000 (2022: surplus \$7,494,000 restated). The expense for this plan is limited to the employer's annual contributions for the year.

NOTE 8 BUDGET

The budget shown on the statement of operations is based on the budgeted expenses that the all-party Standing Committee on Legislative Offices approved on January 27, 2022. The following table compares the Office's actual expenditures, excluding non-voted amounts such as amortization to the approved budgets:

	<u>Voted Budget</u>	<u>Actual</u>	<u>Unexpended</u>
Operating Expenditures	\$ 975,500	\$ 891,898	\$ (83,602)
	<u>\$ 975,500</u>	<u>\$ 891,898</u>	<u>\$ (83,602)</u>

NOTE 9 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Ethics Commissioner.

SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
YEAR ENDED MARCH 31, 2023

	2023			2022
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total
Senior Officials				
Ethics Commissioner ⁽⁴⁾	\$203,074	\$ 6,207	\$ 6,678	\$215,959
Chief Administrative Officer	163,115	19,036	35,472	209,230
Total	\$366,190	\$ 25,243	\$ 42,150	\$433,582

(1) Base salary includes regular salary and earnings such as acting pay.

(2) Other Cash Benefits include vacation payouts and lump-sum payments. The Ethics Commissioner received Other Cash Benefits for vehicle allowance. There were no payments for bonuses or amounts in lieu of pension contributions.

(3) Other Non-Cash Benefits includes all employee benefits and contributions or payments made on behalf of the employees including pension, supplementary retirement plans, health spending account, dental coverages, group life insurance, short and long-term disability plans, professional memberships, tuition fees, and parking. The Ethics Commissioner receives benefits for parking, Blue Cross Health Spending Account, conference fees, and professional memberships.

(4) The Ethics Commissioner held a 0.8 position.

**OFFICE OF THE ETHICS COMMISSIONER
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
YEAR ENDED MARCH 31, 2023**

Schedule 2

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta Consolidated Financial Statements. Related parties also include key management personnel in the Office and their close family members.

The Office and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Office had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Other Entities	
	2023	2022
Expenses - directly incurred		
Other Services	\$ 174	\$ 1,296
Total	<u>\$ 174</u>	<u>\$ 1,296</u>

The Office also had transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not reported in the financial statements, but are disclosed in Schedule 3.

**OFFICE OF THE ETHICS COMMISSIONER
SCHEDULE TO FINANCIAL STATEMENTS
ALLOCATED COSTS
YEAR ENDED MARCH 31, 2023**

Schedule 3

	2023					2022
	<u>Expenses - Incurred by Others</u>					
Program	<u>Expenses</u> ⁽¹⁾	<u>Accommodation</u> Costs ⁽²⁾	<u>Telephone</u> Costs ⁽³⁾	<u>Business</u> Services ⁽⁴⁾	<u>Total</u> Expenses	<u>Total</u> Expenses
Operations	\$ 916,844	\$ 97,589	\$ 4,759	\$ 8,000	\$ 1,027,192	\$ 944,129

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Accommodation Costs, including grants in lieu of taxes, allocated by square meters.

(3) Telephone Costs are the line charges for all phone numbers.

(4) Business Services Costs include charges for information technology support and financial services.