C.D. Howe Institute's: Fiscal Accountability of Canada's Senior Governments

ISSUE

On May 1st, the C.D. Howe Institute released its report, "The Numbers Game: Rating the Fiscal Accountability of Canada's Senior Governments, 2018". **This report presents grades** the federal, provincial and territorial governments **on fiscal accountability, focusing on relevance, accessibility, timeliness and reliability of financial reporting**. **Ontario's grade has gone from good (A-) in 2016 to poor (C) in 2018**.

KEY MESSAGES

- **I would like to thank the C.D. Howe Institute for releasing their commentary on Fiscal accountability of all Canadian governments. We value the work they do to promote transparency and accountability in government reporting.**

- **The province is committed to providing clear and accurate financial reports that support transparency and accountability in reporting to the public and the legislature and is guided by the fiscal reporting requirements legislated in Fiscal Transparency and Accountability Act.**

- **To ensure the public is kept up to date on the provincial fiscal plan, the government tables the annual Budget as well as quarterly updates on both its fiscal plan and its economic outlook and a comprehensive mid-year review in the Fall Economic Statement.**

- **In addition to consistently meeting its legislative obligations, Ontario continues to make strides in increasing the accessibility and transparency of its finances. For example, Ontario has developed digital tools to present Public Accounts data in innovative, visual formats. These tools make Ontario's finances easier to understand, access and use by members of the public online.**

BACKGROUND

The 2018 study grades Ontario a C, a deterioration from A- in 2016 for fiscal accountability. Ontario's grade reflects the following:

- The Province's ranking is negatively impacted by disagreements with the provincial auditor with respect to the government's treatment of net pension assets and accounting for the borrowing needed to finance electricity rate relief.

- The CD Howe suggests more could be done to ensure full reconciliation between the Budget and Estimates.

- Other matters that impacted the Province's rating include the timing of the release of the budget and public accounts as well as its summary fiscal tables being too many pages into both documents.

Appendix

Jurisdictional Comparison:

Table 2: Governments' Fiscal Reporting Grades Since 2016

	2018	2017	2016
Federal	A-	A	B+
Newfoundland and Labrador	B	B	E
Prince Edward Island	D	C-	E
Nova Scotia	B-	A-	C-
New Brunswick	A+	A+	B+
Quebec	C+	C+	C+
Ontario	C	B+	A-
Manitoba	A-	B	B
Saskatchewan	B	A-	A+
Alberta	A+	A+	A+
British Columbia	B-	A	B+
Northwest Territories	D+	C	E
Yukon	A-	B+	C+
Nunavut	C	C	E

Note: Changes in grades reflect both changes in governments' financial reporting, and changes in our grading system, as described in the text.

Table 1: Evaluating the Fiscal Reporting of Canada's Senior Governments

	Budgets				Public Accounts					Estimates	Fiscal Updates	Grade
	Does budget prominently present consolidated figures?	Page where figures appear in budget	Date 2017/18 budget tabled relative to start of fiscal year	Are budgets on the same accounting basis as the public accounts?	Page where figures appear in public accounts	Date 2016/17 public accounts tabled relative to end of fiscal year	Are public accounts on PSAS basis?	Are figures comparable to their budget counterparts?	Do public accounts explain variance from budget plans?	Are estimates consistent with, and easily reconciled to, budget?	Do interim reports show results against budget targets?	
	0 if non-consolidated, 1 for both consolidated and non consolidated, 2 for only consolidated	0 if 51+, 1 if 31-50, 2 if 16-30, 3 if <16	0 if > 8 weeks, 1 if 4-8, 2 if <4, 3 if early	0 if they aren't, 1 if they are	0 if 51+, 1 if 31-50, 2 if 16-31, 3 if <16	0 if > 7 months, 1 if 5 - 7, 2 if <5	0 if not, 1 if yes with auditor reservation(s), 2 if yes with no reservations	0 if not,1 if budget figures restated and not explained,2 if restated and explained, 3 if yes	0 if none,1 if reconciled but not explained, 2 if full	0 if no, 1 if same accounting but not easily reconciled, 2 if yes	0 if no, 1 if half-year, (H), 2 if quarterly, (Q), 3 if monthly, (M)	
Maximum Grade	2	3	3	1	3	2	2	3	2	2	3	
Grade Weight	3	1	2	3	1	2	4	1	1	2	2	
Federal*	Yes	Page 253 of 280	22-Mar-17	Yes	Page 11 of 354	3-Oct-17	Yes	Yes	Clear reconciliation and deviations explained	No. Not reconciled	Yes (M,H)	**A-**
	2	**0**	**3**	**1**	**3**	**1**	**2**	**3**	**2**	**0**	**3**	
NL	Yes	Page 2 of 10	6-Apr-17	Yes	Page 13 of 133	6-Oct-17	Yes	Budget figures restated and restatement explained	Clear reconciliation and deviations explained	No. Not reconciled	Yes (H)	**B**
	2	**3**	**2**	**1**	**3**	**1**	**2**	**2**	**2**	**0**	**1**	
PE	No. multiple balance figures, surplus before interest and amortization	Page 9 of 170	7-Apr-17	Does not adhere to consolidation standard	Page 14 of 87	24-Oct-17	Yes	Budget figures restated and restatement explained	Reconciliation tables but deviations not explained	Yes	Yes (H)	**D**
	0	**3**	**2**	**0**	**3**	**1**	**2**	**2**	**1**	**2**	**1**	

Table 1: Continued

	Budgets				Public Accounts					Estimates	Fiscal Updates	Grade
	Does budget prominently present consolidated figures?	Page where figures appear in budget	Date 2017/18 budget tabled relative to start of fiscal year	Are budgets on the same accounting basis as the public accounts?	Page where figures appear in public accounts	Date 2016/17 public accounts tabled relative to end of fiscal year	Are public accounts on PSAS basis?	Are figures comparable to their budget counterparts?	Do public accounts explain variance from budget plans?	Are estimates consistent with, and easily reconciled to, budget?	Do interim reports show results against budget targets?	
NS	No. Budget presents figures from the General Revenue Fund	Page 7 of 99	26-Sep-17	Yes	Page 20 of 118	27-Jul-17	Yes	Revised budget figures and restatement explained	Clear reconciliation and deviations explained	Yes	Yes (H, Q)	B-
	0	3	0	1	2	2	2	2	2	2	2	
NB	Yes	Page 23 of 27	31-Jan-17	Yes	Page 11 of 84	30-Sep-17	Yes	Budget figures clearly restated and restatement explained	Clear reconciliation and deviations explained	Yes	Yes (Q)	A+
	2	2	3	1	3	1	2	2	2	2	2	
QC	Consolidated, but multiple balance figures	Page 8 of 598	28-Mar-17	Yes	Page 21 of 185	21-Nov-17	Yes, but received auditor reservation	Yes	Clear reconciliation and deviations explained	Yes. Not reconciled	Yes (M,H)	C+
	1	3	3	1	2	0	1	3	2	1	3	
ON	Yes	Page 243 of 330	27-Apr-17	Yes	Page 23 of 142	07-Sep-17	Yes, but received auditor reservations	Revised budget figures and restatement explained	Clear reconciliation and deviations explained	Yes. Not reconciled	Yes (Q, H)	C
	2	0	1	1	2	1	1	2	2	1	2	
MB	Yes	Page 6 of 44	11-Apr-17	Yes	Page 40 of 127	19-Sep-17	Yes	Revised budget figures and restatement explained	Clear reconciliation and deviations explained	Yes	Yes (Q)	A-
	2	3	2	1	1	1	2	2	2	2	2	

Table 1: Continued

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SK	Yes	Page 45 of 77	23-Mar-17	Expenses not fully adjusted for accrual treatment	Page 7 of 88	21-Jul-17	Yes	Revised budgeted expenses and restatement explained	Clear reconciliation and deviations explained	Yes. Estimates not reconciled.	Yes (Q,H)	**B**
	2	**1**	**3**	**0**	**3**	**2**	**2**	**2**	**2**	**1**	**2**	
AB	Yes	Page 13 of 154	7-Mar-17	Yes	Page 12 of 151	29-Jun-17	Yes	Revised budgeted expenses and restatement explained	Clear reconciliation and deviations explained	Yes. Estimates not reconciled.	Yes (Q)	**A+**
	2	**3**	**3**	**1**	**3**	**2**	**2**	**2**	**2**	**1**	**2**	
BC	Yes	Page 8 of 149	21-Feb-17	Yes	Page 16 of 136	22-Aug-17	No - BC legislates its own standards	Yes	Clear reconciliation and deviations explained	Yes	Yes (Q)	**B-**
	2	**3**	**3**	**1**	**2**	**1**	**0**	**3**	**2**	**2**	**2**	
NT*	No	Page 42 of 56	1-Feb-17	Yes	Page 13 of 135	8-Nov-17	Yes	Revised budgeted expenses and restatement not explained.	Reconciliation but deviations not explained	Yes	No	**D+**
	0	**1**	**3**	**1**	**3**	**0**	**2**	**1**	**1**	**2**	**0**	

Table 1: Continued

	Budgets				Public Accounts					Estimates	Fiscal Updates	Grade
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YK*	Yes	Page 6 of 26	27-Apr-17	Yes	Page 2 of 46	18-Oct-17	Yes	Yes	Reconciliation but deviations not explained.	Yes.	Yes (H)	A-
	2	**3**	**1**	**1**	**3**	**1**	**2**	**3**	**1**	**2**	**1**	
NU*	No	Page 5 of 14	22-Feb-17	Yes	Page 14 of 69	26-Oct-17	Yes	Revised budget figures and restatement not explained	Reconciliation but deviations not explained.	Yes. Not easily reconciled.	No	C
	0	**3**	**3**	**1**	**3**	**1**	**2**	**1**	**1**	**1**	**1**	

Notes:

*Federal – Supplementary Estimates (A), in a separate document, provide a partial reconciliation to the budget.

*NT – Budget Address. *YK – Consolidated summary of financial information. *NU – Fiscal and Economic Indicators.

Source: Various government documents; authors' calculations.