

## 3.2 Federal government administration

### 3.2.1 Financial administration and control

The financial affairs of the Government of Canada are administered and controlled under the basic principle that no tax shall be imposed and no money spent without the authority of Parliament and that expenditures shall be made only for the purposes authorized by Parliament. The most important constitutional provisions relating to Parliament's control of finances are contained in the British North America (BNA) Act which provides that all federal taxing and appropriating measures must originate in the House of Commons. The government is responsible for introducing all money bills. Financial control is exercised through a budgetary system based on the principle that all the financial needs of the government for each fiscal year should be considered at one time so that both the current and prospective conditions of the public treasury may be clearly evident.

**Estimates and appropriations.** Coordination of the estimates process is carried out by Treasury Board. The board is a separate department of government, its minister having the designation of President of the Treasury Board. Under the Financial Administration Act, the board may act for the Privy Council in all matters relating to financial management (including estimates, expenditures, financial commitments, establishments, revenues and accounts), personnel management and general administrative policy in the public service.

Under present practice departments submit forecasts of their requirements about 12 months before the beginning of a new fiscal year. Forecasts of what they will require in each of the coming three years to maintain the current levels of service in each program are termed "A Budgets". At the same time departments submit forecasts of requirements for new activities or expansion in existing activities, referred to as "B Budgets". These proposals are reviewed by Treasury Board in the light of expenditure guidelines approved by the Cabinet which express the government's priorities. The Treasury Board Secretariat prepares recommendations for the budgetary and non-budgetary allocations to each program for Treasury Board and Cabinet review. In August of the year preceding the fiscal year, departments are advised of the allocations approved by Cabinet. Departments then develop detailed estimates of their resource requirements for the new year against these approved allocations. These estimates are submitted at the end of October. Following review by Treasury Board and approval by Cabinet they are tabled in Parliament in February.

Main Estimates and Supplementary Estimates are referred to committees of the House of Commons. The timing of such referrals, the timing of committee reports and all other matters having to do with the business of supply in the House of Commons are regulated by the Standing Orders of the House (March 1975). The Standing Orders call for the referral of the new year Main Estimates to standing committees of the House by March 1 of the expiring fiscal year and they must report back to the House not later than May 31 in the new fiscal year. Supplementary Estimates are referred immediately after they are tabled to the Standing Committees, and dates by which reports must be made are stipulated.

Section 58 of the Standing Orders establishes three supply periods ending not later than December 10, March 26 and June 30. The first supplementary estimates for a year are usually dealt with in the December 10 period and the final supplementary estimates in the March 26 period. In addition, interim supply (consisting of 3/12ths for all voted items in Main Estimates and extra 12ths for some voted items) is dealt with in the March 26 period. In the June 30 period, the House is asked to provide full supply on Main Estimates. In each supply period a number of days are allotted to the business of supply. Opposition motions have precedence over all government supply motions on allotted days and opportunities to put forward motions of non-confidence in the government are