Consolidated Government Revenue and Expenditure
- Data accuracy –

The data produced are derived from a multitude of entities in the government component of the Public Sector. Statistics Canada has no control over the accuracy of the input data at the time they are received, although it does have the advantage of eventually having access to audited financial documents. We ensure that no errors are introduced through automated checks that verify internal consistency and identify extreme values, and we apply procedures that maximise error-detection possibilities inherent in the data.

The inherent quality of the input data varies systematically through time, with the most recent data (current year) being the least reliable (and the least detailed) since they are primarily based on government budget forecasts. As the reference year moves into the past, with each additional year the input data becomes more reliable. The public accounts and local government financial statements are eventually subject to audit and these audited accounts and statements form the benchmarks of historical data.

While considerable effort was made to ensure high standards throughout all data gathering of administrative records and surveys, the resulting estimates are inevitably subject to a certain degree of error. The coverage of the government portion of the public sector population is virtually total. Imputation rates are about 2%.

There are two categories of errors in statistical information - sampling errors and non-sampling errors. Non-sampling errors are the only type that applies to the federal, provincial, and territorial data of this program, given that there was no sampling process used to produce these data. Preliminary estimates for local general government revenue and expenditure data are estimated using an annual representative probability sample of municipalities for each province/territory. The sampling design covers about 13% of the number of units in the population representing roughly 80% of the economic activity and ensures that major municipalities are part of the sample. About 480 units are surveyed from a total population of approximately 3,700 municipalities. Final data for local general governments are based on the audited financial statements of most municipalities in Canada.

Non-sampling errors can arise from a variety of sources, are difficult to measure and their importance can differ according to the purpose intended. Among non-sampling errors are gaps in the information provided by public sector bodies and errors in processing, such as data capture. Efforts are made to minimize non-sampling errors in a number of ways including, continually updating the universe, performing edits on data during and after data capture and maintaining ongoing communication with data suppliers.
To further ensure data accuracy, the FMS revenue and expenditure data of the federal, provincial, and territorial governments are reconciled to the relevant public accounts or public accounts based data. For additional information on reconciliation, follow the link after the Quality Evaluation segment.

The initial estimates of consolidated government revenue and expenditures for a reference period are mainly based on the estimates and budgets plus other administrative data of the provincial, territorial, and federal governments, as well as a sample survey of local governments. The difference between the initial estimates of total consolidated government revenue and expenditures and those final data, based on public accounts and local government financial statements, is less than 2%.

The ability to use the data for analysis depends on the conceptual framework in which the data is being used. With this in mind, it is important to be aware that governments employ different accounting conventions. Some report on a cash basis, others use the accrual approach, while others use a combination of both approaches, commonly referred to as modified cash. Adjustments can bring data produced under these various conventions to a common basis. For example, in the Financial Management System (modified cash based accounting), when a government acquires/purchases a non-financial asset, the expenditures related to this purchase are included during the reference period in which the expenditures are made. For governments who have moved to a full accrual basis of reporting this means an adjustment, to their public accounts based data, as they will have capitalized the expenditures relating to the acquisition of the non-financial asset and amortized the cost over the period of its estimated useful life. However, complete conversion to a single accounting base is not possible. The Financial Management System, based on modified cash accounting, generally accepts the accounting conventions used by individual governments. Complete intergovernmental comparability of the data presented by the Financial Management System is hindered by several factors. For example, intergovernmental transactions are not always reported at the same time by both parties involved, and fiscal year-ends may differ. In addition, responsibilities between levels of government are shared differently and varying levels of service is provided.

The allocation of responsibilities between the provincial and territorial governments versus the local governments varies by province. No attempt is made to adjust data to account for inconsistencies in how services are delivered at any level or among levels of government. However, the consolidation, by province and territory, of the revenues and expenditures results in a set of data (called Consolidated Provincial, Territorial and Local Government revenues and expenditures) that are best suited for inter-provincial comparisons.

Efforts are continuously directed toward making existing measures more useful through the development of consistent concepts, definitions, classification
systems, and framework. In 2003, the International Monetary Fund (IMF) has reviewed the government finance statistics program from Statistics Canada according to the observance of IMF standards and codes. The IMF has developed a set of 16 elements against which a specific program is evaluated. For all 16 cases, except one, the IMF gave the highest level of observance for the Government Finance Statistics.