Public Service Commission of Canada — Commission de la fonction publique du Canada

Public Service Commission of Canada

2011-12 Estimates

Departmental Performance Report

For the period ending
March 31, 2012

_____

The Honourable James Moore, P.C., M.P.
Minister of Canadian Heritage and Official Languages

Table of contents

President's Message

I am pleased to present the Public Service Commission's (PSC) *2011-12 Departmental Performance Report*.

The mandate of the PSC is to promote and safeguard merit-based appointments and, in collaboration with other stakeholders, to protect the non-partisan nature of the public service. The PSC reports on its mandate to Parliament.

Under the delegated, values-based staffing system envisioned in the *Public Service Employment Act* (PSEA), the PSC fulfills its responsibilities by providing clear policy direction and guidance; delivering innovative staffing and assessment programs and services; conducting effective oversight through its monitoring, audit and investigations functions and reporting to Parliament on the performance of the staffing system and non-partisanship in the public service.

This reporting period marked the end of the mandate of President Maria Barrados and Commissioners Manon Vennat and David Zussman. Their mandate coincided with the implementation of the PSEA, following the adoption in 2003 of the *Public Service Modernization Act* (PSMA), the most significant change to human resources management in the federal public service in 35 years. I would like to extend to them a heartfelt thank-you for their leadership in guiding the PSC through a period of major reform and transformation. Their legacy is a strong foundation for a modernized, merit-based and non-partisan staffing system.

The PSC addressed most of its priorities as well as emerging ones identified during the reporting period. During this time, the PSC undertook a number of activities to assist departments and agencies in preparing to manage foreseen workforce adjustments. Strong partnerships with the Office of the Chief of Human Resources and the Canada School of the Public Service ensured a consistent and co-ordinated approach to providing workforce management tools and training across the public service.

Preparatory work, including extensive internal and external consultations, took place to provide mechanisms that would support workforce mobility. These initiatives included the drafting of policy and regulatory instruments and the provision of guidance on how to proceed with the selection of employees for retention and lay-off. They resulted in the development of on-line tools allowing employees to seamlessly access information about workforce management. In addition, the PSC proceeded with changes to the Priority Administration system to improve its capacity to manage referrals of an increased number of priorities.

The PSC's first priority in 2011-12 was to **ensure a smooth transition to a new Commission**. The PSC underwent key changes at the senior management level during this reporting period. I was appointed as President on February 15, 2012, having acted in that capacity since January 1, 2012. A new part-time Commissioner, Ms. Susan Cartwright, was appointed effective April 3, 2012. We also welcomed three new members to our senior executive team. Solid transition and succession planning undertaken under the leadership of my predecessor, Ms. Barrados, as well as

the professionalism and expertise of PSC staff, have resulted in a successful transition to a new Commission and a renewed executive management team.

The PSC's second priority was to **address the results of the five-year review of the PSEA.** The general consensus in both the PSC's Special Report and the Report of the Review of the *Public Service Modernization Act* (PSMA) 2003 was that overall the legislation was sound and that there were some gaps in the PSMA implementation that could be addressed. The PSC focussed its activities on addressing the overarching Report recommendation associated with the need for enhanced collaboration among key stakeholders and partners and on putting in place administrative measures to address some of the gaps in implementation.

The PSC's third priority was to **provide ongoing independent oversight and assurance to Parliament on the integrity of the staffing system and the non-partisanship of the federal public service.** The PSC conducted 11 audits as planned. In addition, the PSC took the initiative of sharing its audit methodology with other organizations, achieving efficiencies by utilizing the results of internal reviews or audits completed by organizations where possible, and continuing to make its data monitoring activities more effective within a more streamlined government-wide approach to data collection and IT system support.

The fourth priority was **to provide quality selection services to departments and agencies.** The PSC continued to provide quality selection services and recruitment programs, drawing on years of experience as well as innovative technological advances to position itself as a centre of expertise in staffing and assessment. A recent client survey tells of continued growth in client satisfaction with products and services. We continued to enhance the Public Service Resourcing System and advanced new tools such as unsupervised internet testing.

The fifth and final priority was **to build on the PSC as a model organization.** The PSC's results for the Public Service Employee Survey of 2011 reflected a strong appreciation for our working environment, public service values and the leadership shown by employees, supervisors and senior management. We also launched a number of health initiatives including an on-line wellness blog, which were well received. We continued to prepare for the relocation of our offices to Gatineau in 2013.

Overall the PSC delivered on its priorities and adapted to new emerging priorities while supporting departments in a year of transition. I am confident that the PSC is well-positioned to deliver on its mandate into the future.

Anne-Marie Robinson
President

October 2, 2012

Section I: Organizational overview*

Raison d'être

The Public Service Commission (PSC) is dedicated to building a public service that strives for excellence. The PSC protects merit, non-partisanship and the use of both official languages while ensuring respect for the values of fairness, access, transparency and representativeness.

The PSC recruits talented Canadians to the public service. The PSC continually renews its recruitment services to meet the needs of a modern and innovative public service.

Responsibilities

The PSC is responsible for promoting and safeguarding merit-based appointments and, in collaboration with other stakeholders, to protect the non-partisan nature of the public service. It reports on its mandate to Parliament.

The PSC is mandated to:

- Appoint, or provide for the appointment, of persons to and from within the public service, based on merit. The *Public Service Employment Act* (PSEA) allows the PSC to delegate to deputy heads its authority for making appointments, subject to the terms and conditions it directs. This authority is currently delegated to the deputy heads of 83 organizations subject to the PSEA across the federal government;

- Administer the provisions of the PSEA that are related to the political activities of employees and deputy heads under Part 7 of the PSEA which recognizes the right of employees to engage in a political activity, while maintaining the principle of political impartiality in the public service. It also sets out specific roles and responsibilities for employees and the PSC related to political activities and the administration of the related political activities regime; and

- Oversee the integrity of the staffing system and ensure non-partisanship. This oversight role includes the ongoing monitoring of the staffing performance of delegated organizations, the conduct of audits that provide an independent assessment of the performance and management of staffing activities and the conduct of investigations of staffing and political activities.

*Following the tabling of the Report on Plans and Priorities (RPP) 2011-12, a number of editorial changes were made to this section for the purposes of clarity and better alignment with the wording of the PSEA.

Strategic Outcome and Program Activity Architecture

The PSC Program Activity Architecture consists of one strategic outcome and four program activities.

Government of Canada Spending and Outcome Area	Government Affairs			
	Well-managed and efficient government operations			
PSC – Program Activity Architecture	**Strategic Outcome**	*A highly competent, non-partisan and representative public service, able to provide service in both official languages, in which appointments are based on the values of fairness, access, representativeness and transparency*		
	Activities	**1.1.0** Appointment Integrity and Political Impartiality	**1.2.0** Oversight of Integrity in Staffing	**1.3.0** Staffing Services and Assessment	**2.1.0** Internal Services
	Sub-activities	**1.1.1** Policy, Regulation and Exclusion Approval Orders	**1.2.1** Monitoring	**1.3.1** Staffing Services	**2.1.1** Governance and Management Support
		1.1.2 Delegated Appointment Authorities	**1.2.2** Audit and Data Services	**1.3.2** Assessment	**2.1.2** Resource Management Services
		1.1.3 Non-delegated Authorities	**1.2.3** Investigations		**2.1.3** Asset Management Services
		1.1.4 Political Activities			

Priorities

Priority I	Type*	Program Activity
Ensure a smooth transition to a new Commission	New	1.1.0 - Appointment Integrity and Political Impartiality 2.1.0 - Internal Services

Progress made in 2011-12 against the key actions planned in support of this priority is presented below. Additional performance information by Program Activity is presented in Section II.

1. Succession planning (Program Activity 2.1.0)

Three Vice-Presidents had announced their retirement for the beginning of the reporting period. Given the size of the senior management team and the need to maintain stability during the transition, the departures presented a risk for the PSC. Three new members of the senior management team were appointed and some functions were re-distributed before the appointment of the new President.

2. Knowledge transfer to new Commissioners (Program Activities 1.1.0 and 2.1.0)

During 2011-12, a new President was appointed. The new Commission was formally in place early in the subsequent fiscal year (April 2012), when a new part-time Commissioner was appointed. A plan to manage the transition from the former to the new President and Commissioners was developed. It included:

- Provision of interim delegation instruments to ensure the continuation of the PSC activities during the transition;
- Preparation of detailed briefing material on key topics, including the PSC Annual Report, the Consolidated Audit Report and the Parliamentary tabling process and ongoing activities in support of anticipated workforce adjustments in the Public Service; and
- Preparation of a schedule of briefings taking into consideration actions to be taken by the new President within 10, 30 or 60 days from her appointment.

*"Type" is categorized as follows:
Previously committed - committed to in the first or second fiscal year before the subject year of the report;
Ongoing - committed to at least three fiscal years before the subject year of the report; and
New - newly committed to in the reporting year of the Departmental Performance Report (DPR)

Priority II	Type	Program Activity
Address the results of the five-year review of the *Public Service Employment Act* (PSEA)	New	1.1.0 - Appointment Integrity and Political Impartiality
Progress made in 2011-12 against the key actions planned in support of this priority is presented below. Additional performance information by Program Activity is presented in Section II. **1. Follow through on the PSC Special Report to Parliament;** **2. Put in place policy changes resulting from the five-year review of the PSEA; and** **3. Strengthen understanding of the modernized staffing system.** The PSC's Special Report proved to be an important contribution to the Report of the Review of the *Public Service Modernization Act* (PSMA) 2003 (the Report). The Report was an important opportunity to take stock of how the legislation has been implemented and where further opportunities for ongoing improvements exist. The general consensus in both the PSC's Special Report to Parliament and the Report was that was that overall the legislation was sound. The Report was tabled in December 2011, at which time the PSC had already started to re-allocate its resources toward the emerging priority of preparing for the anticipated workforce adjustments in the Public Service. Consequently, in 2011-12, the PSC focussed its activities on addressing the overarching Report recommendation associated with the need for enhanced collaboration among key stakeholders and partners. The PSC has: • Contributed to the development of a proposed integrated implementation plan prepared by the Treasury Board of Canada Secretariat's Office of the Chief Human Resources Officer (TBS/OCHRO) focusing primarily on administrative measures; • Created a Staffing Complaint Working Group with TBS/OCHRO whose purpose is to develop a Memorandum of Understanding that will explain how the PSC and OCHRO will share information regarding complaints before the Public Service Staffing Tribunal (PSST) and how the two organizations will work together in preparation for cases to be presented before the PSST; and • Increased its level of participation to collaborative forums such as the Human Resources Council.		

Priority III	Type	Program Activity
Provide ongoing independent oversight and assurance to Parliament on the integrity of the staffing system and the non-partisanship of the federal public service	Previously committed	1.1.0 - Appointment Integrity and Political Impartiality 1.2.0 - Oversight of Integrity in Staffing

The PSC conducts independent audits and studies to assist in fulfilling its accountability to Parliament for overseeing the integrity of public service appointments and protecting non-partisanship. It also monitors staffing delegation agreements and conducts investigations to implement corrective measures.

Progress made in 2011-12 against the key actions planned in support of this priority is presented below. Additional performance information by Program Activity is presented in Section II.

1. Integrate the few remaining actions in response to the January 2009 "Review of Public Service Commission Oversight" report into operational plans and continue to monitor implementation (Program Activity 1.1.0)

The objective of the review was to determine the appropriateness of the approach and level of effort of the PSC's oversight function and to identify areas for improvement. The review resulted in 18 recommendations designed to make the PSC's oversight activities more efficient and effective, the majority of which were implemented in 2010-11. This year, the PSC has completed the integration into its ongoing operations and approaches. These encompassed areas such as:

- Strengthened stakeholders' communications and collaboration;
- Systems and technologies devoted to monitoring activities such as ongoing implementation of the PSC's Business Intelligence and Enterprise Data Warehouse (BI&EDW) that will promote timely access to quality staffing data and information to support oversight and share with other organizations across government; and
- A streamlined audit methodology.

2. Co-ordinate investigations activities with those of audit (Program Activity 1.2.0)

The PSC:

- Refined mechanisms and protocols to better co-ordinate Investigations jurisdiction decisions with audit methodology; and
- The Audit and Data Services Branch updated its audit methodology, based on definitions agreed with the Investigations Branch, to help support timely and effective referrals.

3. Conduct a review of the Staffing Management Accountability Framework (SMAF), including related tools (e.g. Departmental Staffing Accountability Report (Program Activity 1.2.0))

The PSC:

- Launched a review of the SMAF to identify opportunities for streamlining, reflecting the fact that human resources (HR) infrastructure across the public service has matured considerably since the enactment of the PSEA. A literature review of PSC studies, internal and external consultations and a technical analysis were completed. Additional consultations and development of a new SMAF are ongoing. The new framework is expected to be implemented in 2013-14.

Priority IV	Type	Program Activity
Provide quality selection services.	Revised	1.3.0 - Staffing Services and Assessment

The PSC supports merit-based appointments by providing quality and cost-effective recruitment, staffing and assessment services to federal organizations both on a cost recovery and an appropriation basis. This includes standardized assessment and screening tools and the Public Service Resourcing System (PSRS) that allow for effective volume management and facilitate collective staffing processes.

Progress made in 2011-12 against the key actions planned in support of this priority is presented below. Additional performance information by Program Activity is presented in Section II.

1. Create a centre of expertise in staffing and assessment

The PSC:

- Expanded the use of its e-testing infrastructure to house and administer standardized tests. Notable accomplishments include:
  o Converting four new PSC simulations to e-format;
  o Automating the 360 degree feedback instrument and its administration process; and
  o Hosting and integrating tests from other departments/agencies under the PSC's e-testing platform;
- Designed an innovative series of Unsupervised Internet Tests (UITs), providing organizations with a more efficient and flexible way of assessing candidates at a location of their choice;
- Leveraged the PSC's e-testing infrastructure to support organizations in reducing costs. Compared to 2010-11, the number of organizational e-testing centres grew by 13% (from 261 to 296) and the number of certified public service employees qualified to administer these e-tests increased by 22% (from 783 to 956); and
- Conducted new seminars on various assessment-related topics of particular interest to HR professionals and managers.

2. Enhance the PSRS, including the integration of internal staffing

The PSC:

- Implemented enhancements to support staffing programs and improve ease of use for job seekers and HR professionals. A new UIT for the Public Service Entrance Exam (PSEE) was incorporated to support the Post-Secondary Recruitment Program and a new functionality was incorporated for the Federal Student Work Experience Program campaign;
- Established a PSRS Disaster Recovery site to improve system sustainability; and
- Postponed the integration of internal staffing to alleviate the HR community workload during the anticipated workforce adjustment exercise.

3. Optimize operational processes through better business analysis, increased standardization and improved monitoring

The PSC:

- Established a framework for the review, standardization and monitoring of products and services. Performance indicators were identified and measurement tools developed. A cyclical review of products and services was also initiated;

- Phased-in implementation and monitoring of service standards, resulting in 11 service standards being in place by the end of March 2012; and
- Conducted the PSC Client Satisfaction survey which demonstrated a significantly higher satisfaction rate among clients (85%) when compared to the 2009-10 survey results (57%).

4. Strengthen outreach* and strategic partnerships

The PSC:

- Enhanced outreach strategies and partnerships with departments and agencies, including increased collaboration with organizations such as the Canada School of Public Service. Close to 500 outreach activities, career fairs and information sessions were conducted;
- Implemented a six-month pilot project exploring the use of the Twitter social media tool; and
- Used external committees to ensure continued relevance and direction of our programs and services. The PSC's Personnel Psychology Centre External Advisory Committee, an advisory body that provides independent advice from external professionals and practitioners in the area of assessment, ensured the PSC assessment activities and products remain leading-edge through the sharing of knowledge and best practices. The PSRS Interdepartmental Steering Committee provided active guidance for the infrastructure work in order to ensure that organizational staffing system needs are in line with HR modernization direction.

*Following the tabling of the RPP 2011-12, the wording was changed from "marketing" to "outreach" to better reflect the nature of these activities.

Priority V	**Type**	**Program Activity**
Build on the PSC as a model organization	Previously committed	All Program Activities

The PSC is committed to building a model organization through effective management practices and stewardship of its financial, human and information resources.

Progress made in 2011-12 against the key actions planned in support of this priority is presented below. Additional performance information by Program Activity is presented in Section II.

1. Ensure a workforce ready to meet future challenges, via an enhanced Corporate Learning Program

The success and viability of our organization relies on the talents and expertise of our employees. The PSC is committed to providing employees with learning and development opportunities that will help them grow professionally and ensuring that they have the tools and skills they need to do their work.

To ensure that we meet the current and future needs of employees and our organization, a renewed organizational learning strategy for the PSC was approved in 2011-12. This strategy will ensure that staff is prepared to address current and evolving business priorities. It provides the means by which employees can develop their competencies, contribute more fully to the organization and expand their career horizons. To this end, this renewed strategy envisages the:

- Establishment of a collaborative approach related to learning;
- Maximization of our learning investment to ensure quality, relevancy and cost-effectiveness; and
- Development of targeted learning solutions that address learning priorities and challenges identified in the 2011-2014 HR Plan (performance management, change management, knowledge transfer/succession planning and employee orientation/on-boarding).

2. Explore innovative, risk-based options to enhance human resources services

Significant work was carried out to enhance and align HR services and practices to the business priorities at the PSC. We:

- Conducted an internal Employee Engagement Survey and held a focus groups to identify ways to enhance services and better support employees and managers;
- Strengthened HR planning practices to facilitate the implementation of staffing controls in preparation for anticipated workforce adjustments in the Public Service;
- Maintained effective collaboration and communication with unions; and
- Conducted an executive succession planning exercise and staffed several key senior management positions.

3. Prepare for relocation to Gatineau in 2013

In 2013-14, PSC offices in Ottawa will be relocated to Gatineau. The new workplace will be designed with Public Works and Government Services Canada's (PWGSC) «Workplace 2.0» concept. This move provides an opportunity to reengineer, innovate and review our ways of working, while providing overall savings for the government. The project requires significant organizational change where work, culture and processes are affected.

In 2011-12, the PSC continued to work collaboratively with PWGSC and Shared Services Canada (SSC) employees to prepare for the relocation. We:

- Developed PSC Project Governance for the Gatineau 2013 Project;
- Implemented a change management strategy and a communications plan, with a view to engaging employees in all aspects of the project;
- Maintained ongoing communication and consultations with employees through a Web page, blog, regular communiqués, a generic e-mail address and an on-line survey; and
- Reviewed floor plan layouts and construction plans and received feedback from all operational units.

Risk analysis

Public Service Commission operating environment and risks

The PSC is an integral part of the government operations and, as such, its activities are influenced by factors that are common to the rest of government. Some of the risks identified in the RPP were reduced over time, while others persisted. The risks that persisted were managed as follows.

The PSC effected a smooth transition and knowledge transfer to the new leadership. There remains an ongoing requirement to maintain close, effective and continuing relationships with Parliamentarians and, with various stakeholders, including deputy heads, central HR management organizations and bargaining agents.

The ongoing challenge of ensuring political impartiality was addressed by working in collaboration with stakeholders to increase public servants' awareness and to assist them in making better informed decisions when deciding whether to engage in political activities.

The PSC faced risks associated with its ability to transition resources to effectively meet emerging client demands due to a major shift in the public service staffing environment. To mitigate these risks, the PSC tailored its services to meet emerging client expectations, such as selection of employees for retention or lay-off, and ensured effective communication of services to support organizations faced with workforce management challenges.

The planned move to Gatineau raised financial challenges, the risk of disruptions to PSC operations and potential HR management challenges. The PSC addressed these risks with careful project planning, risk management and measures to sustain employee engagement and retain talent. In addition, employees were engaged and kept fully informed through meetings and regular communications at each stage of the preparation for the move.

Also during 2011-12, new risks emerged to take the place of those that decreased in importance. Key developments impacting PSC activities during the review period include:

- Creation of Shared Services Canada (SSC);
- Ongoing government-wide efforts to reduce the reporting burden on organizations and to move towards open data;
- Planning around activities to support the implementation of anticipated workforce adjustments in the Public Service; and
- Release of the government's report on the PSMA Review.

These five new developments were the ones that posed significant risks for the PSC and required attention. To manage these new risks, PSC took the following actions.

Plans were developed and implemented by the PSC for the transfer of information technology (IT) resources to SSC and for the transition to electronic archiving, in accordance with Library and Archives Canada's policies and directives.

The PSC implemented a long term plan to improve data analysis and reporting, with the ultimate objective of providing reliable and timely information for internal and external use. The

information provided by the BI&EDW is critical to tracking progress and proactively adjusting to trends as they occur.

The PSC supported organizations in preparing for a workforce adjustment exercise. It anticipated the impact on programs and took an active approach to address upcoming requirements from the policy, service and systems perspectives. The PSC also invested effort in planning for system changes to the Priority Information Management System (PIMS) with a view to improving its capacity to manage larger volumes of clients. These improvements to the Priority Administration program and to the PIMS are meant to assist the federal public service in retaining skilled and competent employees, while meeting the government's legal obligations with regard to employees with priority rights.

The PSRS was enhanced to improve usability for both job seekers and HR professionals. Through the Interdepartmental Governance Committee, a path forward was established to ensure greater relevance and integration of the overall staffing infrastructure to support departments and agencies in achieving their staffing objectives in future years.

The PSC also implemented management measures to support its workforce adjustment exercise, including rigourous vacancy management and additional spending controls.

Finally, given that administrative measures could address some of the gaps in the PSMA implementation, the PSC focussed its activities on addressing the overarching PSMA Report recommendation associated with the need for enhanced collaboration among key stakeholders and partners.

Corporate risk profile and mitigation strategies

The PSC approached risk as an integral part of its planning process, recognizing the need for strong risk management in all of its operations, including at the corporate level. The PSC's senior management regularly monitored corporate risk profile, review of budgetary challenges, management practices and risk mitigation strategies. Additional details on the corporate risk profile are available at www.psc-cfp.gc.ca/abt-aps/rpp-rpp/2011-2012/rpp-prof-eng.htm.

Summary of performance

2011–12 Financial resources (in thousands of dollars)

Planned Spending	Total Authorities*	Actual Spending*
97,345	110,863	105,606**

*Excludes amount deemed appropriated to SSC

**The difference of $315,000 between Actual Spending shown above and the Current Year Authorities Used (shown on page 41) is due to the transfer of liabilities to Shared Services Canada.

The above numbers represent the utilization of the authorities on a cash basis. The Audited Financial Statements (page 30) present the information on an accrual accounting basis.

Variance explanations

Overall, the PSC achieved the results it planned for 2011-12. For the reporting period, PSC expenditures were $105,606 thousand against total authorities of $110,863 thousand, resulting in an under-expenditure of $5,257 thousand appearing in the Public Accounts of Canada. The under-expenditure is mainly due to the implementation of spending controls, such as vacancy management, resulting in reduced staffing activities and salary expenditures. Overall, there was also a reduction in non-salary expenditures due to delays in the implementation of the project related to PSEE-UIT and reduction in expenditures pertaining to travel, telecommunications, computer equipment and professional services.

2011-12 Human resources (full-time equivalents—FTEs)

Planned	Actual	Difference
985	932	53

Summary of performance tables

The PSC has one strategic outcome supported by four expected results related directly to core public service values and program activities. The achievement of the strategic outcome has been measured through the key elements indicated in the following table, followed by a more detailed breakdown by Program Activity.

Progress toward strategic outcome

Strategic outcome[*]: *A highly competent, non-partisan and representative public service, able to provide service in both official languages, in which appointments are based on the values of fairness, access, representativeness and transparency.*

<div align="center">Results Related to Public Service Values</div>

Expected result 1: Organizations implement a SMAF infrastructure which contributes to the achievement of the outcomes intended by the PSEA **Target:** Increased or maintained percentage of organizations that have implemented the necessary infrastructure
Indicator: Composite assessment of three key success factors: Delegation of staffing to deputy heads, planning for staffing and monitoring of results and organizational HR support **Baseline 2009-10:** 55% of organizations with more than 100 employees had implemented the necessary infrastructure **2011-12 Performance Status** Based on the 2011-12 SMAF assessment results, 89% of organizations with more than 100 employees had an acceptable performance. Organizational performance in the management of staffing demonstrates that organizations are planning and monitoring staffing in a way that enables the strategic outcome to be met
Expected result 2: Organizations respond to PSC feedback related to staffing performance deficiencies **Target:** Increased or maintained percentage of organizations that act on PSC recommendations
Indicator: Assessment of staffing performance deficiencies identified in feedback from the PSC are corrected in a timely fashion **Baseline 2009-10:** 50% of organizations with more than 100 employees had responded to and demonstrated improvement on all PSC recommendations and another 40% responded and demonstrated improvement on at least half **2011-12 Performance Status** Eighty-four percent (36) of organizations with more than 100 employees that received recommendations from the PSC had responded to and demonstrated improvement on all PSC recommendations and another 7% (3) responded and demonstrated improvement on at least half. Four organizations implemented fewer than half of the recommendations or were unable to demonstrate improvement. While all seven organizations have demonstrated some progress, they have room to improve on the planning and monitoring of their staffing and the PSC continues to work with them
Expected result 3: Organizations respect staffing values **Target:** Indicators are tracked and analyzed to monitor trends in staffing values
2011-12 Performance Status The PSC tracked and analyzed trends in appointment process results with respect to the staffing values and focused its assessment on organizations with relatively weaker performance. The PSC considered organizational context and organizations' efforts to manage identified concerns within their established staffing systems. Based on the PSC's assessments, all organizations with more than 100 employees had at least acceptable performance on measures related to managing in support of the values. The PSC concluded that organizations are managing identified concerns in an effort to respect the staffing values
Expected result 4: The non-partisanship of the public service is safeguarded **Target:** Increased level of awareness of employees regarding their rights and legal responsibilities related to political activities
2011-12 Performance Status Employee awareness regarding their legal rights and responsibilities related to political activities has progressively increased over time. A total of 69% of employees indicated being aware of their rights and responsibilities to a moderate or great extent in the 2011 survey, up from 57% and 63% in the 2009 and 2010 surveys, respectively (PSC Survey of Staffing - Candidates).

[*]Note: while the Strategic Objective statement is consistent with the RPP 2011-12, the Expected Results, Targets and Indicators have been updated to better reflect the activities undertaken by the PSC in 2011-12.

Performance summary (excluding Internal Services)

Utilization of Authorities on a Cash Basis

Program Activity	2010–11 Actual Spending ($ thousands)	2011–12 ($ thousands)				Alignment to Government of Canada Outcome
		Main Estimates	Planned Spending	Total Authorities*	Actual* Spending	
1.1.0 Appointment Integrity and Political Impartiality	11,567	13,063	13,063	15,015	14,647	*Government Affairs - Well-managed and efficient government operations*
1.2.0 Oversight of Integrity in Staffing	22,246	21,781	21,781	21,812	21,548	
1.3.0 Staffing Services and Assessment	29,182	28,556	28,556	33,774	32,010	
Total	62,995	63,400	63,400	70,601	68,205	

*Excludes amount deemed appropriated to SSC

Performance summary for Internal Services

Program Activity	2010–11 Actual Spending ($ thousands)	2011–12 ($ thousands)			
		Main Estimates	Planned Spending	Total Authorities*	Actual* Spending
2.1.0 Internal Services	37,980	33,945	33,945	40,262	37,401

*Excludes amount deemed appropriated to SSC

Note: Internal Services includes the Corporate Secretariat, Corporate Management Practices and Evaluation, Internal Audit, Communications, Legal Services, Human Resources Management, Financial Management, Information Management, Information Technology, Security and Facilities, Asset Management and Procurement.

The above numbers represent the utilization of the authorities on a cash basis. The Audited Financial Statements (page 30) present the information on an accrual accounting basis.

Expenditure profile

Spending trend

The PSC's spending trend from 2009-10 through 2011-12 is illustrated in Figure 1. Total spending consists of the net spending (appropriated) amount plus net voting revenues. The PSC has TBS approval to use cost recovery for assessment services of up to $14 million.

Departmental Spending Trend ($ millions)
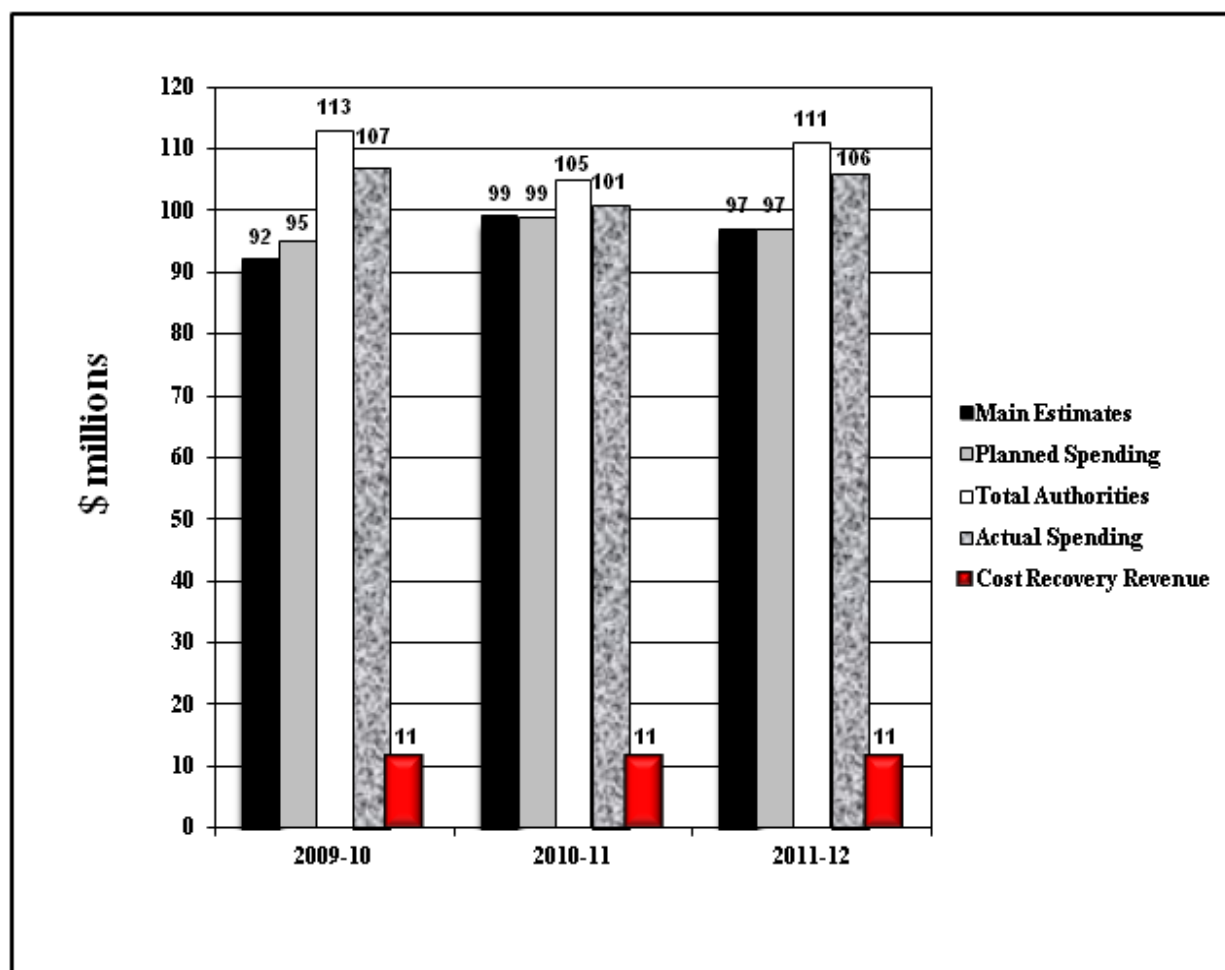
Estimates by vote

For information on our organizational votes and/or statutory expenditures, please see the Public Accounts of Canada 2012 (Volume II) publication. An electronic version of the Public Accounts is available on the PWGSC Web site - see Public Accounts of Canada 2012 http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html.

Section II: Analysis of Program Activities by strategic outcome

Strategic outcome

A highly competent, non-partisan and representative public service, able to provide service in both official languages, in which appointments are based on the values of fairness, access, representativeness and transparency.

Program Activity: 1.1.0 – Appointment Integrity and Political Impartiality

Program activity description

The Appointment Integrity and Political Neutrality activity is focused on independently safeguarding merit and non-partisanship in the federal public service. This activity includes developing and advancing strategic policy positions and directions; conducting policy research; establishing Public Service Commission (PSC) policies and standards; providing advice, interpretation and guidance and administering delegated and non-delegated authorities.

2011–12 Financial resources ($ thousands)

Planned Spending	Total Authorities*	Actual Spending*
13,063	15,015	14,647

*Excludes amount deemed appropriated to Shared Services Canada (SSC)

2011–12 Human resources (FTEs)

Planned	Actual	Difference
131	107	24

Expected Results	Performance Indicators	2011-12 Targets	Actual Results
Expected result 1: Organizations have clear, comprehensive mechanisms in place to manage delegated staffing authority and accountability for results	Performance Indicator 1: Number of organizations that have implemented the Staffing Management Accountability Framework (SMAF) expectations and reported performance that meets the PSC's performance expectations	Target 1: Increased or maintained percentage of organizations with acceptable or higher performance	Based on the 2011-12 SMAF assessment results, 96% of organizations with more than 100 employees (51 of 53) had acceptable performance or higher in implementing the SMAF expectations, when considering all indicators in the SMAF (Key Success Factors and Short Term Outcomes). This is an improvement from 91% in 2010-11, and 82% in 2009-10 (baseline). When considering the four Key Success Factors of the SMAF, 89% of organizations with more than 100 employees (47 of 53) had acceptable performance or higher in implementing the SMAF expectations, up from 77% the previous year. This indicator was calculated as a composite assessment of the Key Success Factors: Delegation of staffing to deputy heads, planning for staffing and monitoring of results, organizational human resources (HR) support systems and organizational accountability for results

Expected Results	Performance Indicators	2011-12 Targets	Actual Results
Expected result 2: The use of both official languages within the public service is protected	Performance indicator 2: Number of cases not yet past four years that are not compliant with the *Public Service Official Language Exclusion Approval Order* and its regulations	Target 2: Reduced number of public servants, without valid exemptions, who do not meet linguistic requirements **Baseline 2009-10: 55**	In 2011-12, there was a reduction in the number of public servants, without valid exemptions, who do not meet linguistic requirements from 55 (baseline) to 22
Expected result 3: Persons with priority rights have access to public service jobs	Performance indicator 3a: Number of persons with priority rights appointed to positions for which they meet the essential qualifications	Target 3a: Maintain percentage of placements compared to average number of active priorities **Baseline 2009-10: 54%**	Placement rate at 51% for the 2011-12 reporting period, representing a decrease of 3% from the 2009-10 baseline of 54% .Given that the overall number of staffing actions continues to decline, this overall placement drop was anticipated
	Performance indicator 3b: Number of organizations in which staffing practices are found to be inconsistent with the *Public Service Employment Act* (PSEA) and the PSC policies and regulations	Target 3b: Year-over-year decrease	SMAF results indicate that the majority of organizations have set up a framework to manage priority entitlements
Expected result 4: Employees respect the provisions related to political activities pursuant to Part 7 of the PSEA	Performance indicator 4: Employees' level of awareness of their rights and obligations regarding political activities	Target 4a: No founded allegations of improper political activities	As of March 31, 2012, a total of three founded cases of improper political activities in comparison to one founded case for 2010-11
		Target 4b: Increased or maintained percentage of Survey of Staffing – Candidates respondents who are aware of their legal rights and responsibilities regarding political activities **Baseline 2009-10: 57%**	Sixty-three percent of the respondents to the September 2010 Survey of Staffing – Candidates indicated being aware of their legal rights and responsibilities regarding political activities

Performance summary and analysis of program activity

As described on pages 5 to 9, actions undertaken in support of Priorities I, II, III and IV contributed to the realization of the strategic outcome.

The following ongoing activities also contributed to the realization of the strategic outcome.

Support to departments and agencies

The PSC:

- Provided comprehensive information to over 3 700 executives, managers, HR professionals and employees. In addition, the PSC supported the Canada School of Public Service in training of more than 20 000 government employees on workforce management-related topics such as selection for retention or lay-off, alternation, recourse and confirmation of Second Language Evaluation (SLE) test results. Participant feedback from the special seminars on workforce planning and management (co-facilitated by the PSC and the Office of the Chief Human Resources Officer) confirmed that 93% of respondents agreed/strongly agreed that they were satisfied with the learning activity;
- Worked on a redesign of its Web page for all appointment policies, which will facilitate the navigation among the different policy instruments, guides and tools and enhance user

experience, while ensuring access for the visually-impaired. The implementation of the new Web page has been postponed, pending the finalization of the policy amendments;
- Added a featured section on policy to its current Web site to respond to an increased need for staffing-related information. Related documents have been updated to provide information on workforce management, providing quick access to information, guides and tools related to selection for retention or lay-off, staffing and assessment services and Priority Administration;
- Increased the number of its outreach activities by 40% in 2011-12, with 28 official liaisons with the Human Resources Council, the National Staffing Council and the Implementation Leaders Forum; and
- Reviewed 230 complaints to the Public Service Staffing Tribunal (PSST) for which a hearing was scheduled, and analyzed 41 final decisions as a party to all complaints before the PSST. It also prepared 54 policy risk assessments and prepared 53 submissions to the PSST.

Priority Administration and workforce management

The PSC:
- Upgraded the Priority Information Management System (PIMS) in preparation for anticipated workforce adjustments in the Public Service. These upgrades increase transparency, access and accountability for organizations and priority persons and reduce workloads for HR personnel. The following two upgrades were made:
  o August 2011 - to ensure that organizations are notified immediately when their surplus employees are referred to positions in other organizations; and
  o January 2012 - a pilot project whereby referrals to vacant positions are now e-mailed directly to priority persons, who are given a set timeframe to respond directly to the hiring organization;
- Consulted with stakeholders, including bargaining agents, in the preparation of its Guide on Selection for Retention or Layoff, which was published in April 2012;
- Completed all the preparatory work and draft an *Exclusion Approval Order* to support alternation to have it ready for approval by the Commission in April 2012; and
- Is refining a training and development framework for new and existing PSC priority advisors, with the first draft to be presented to senior management for approval.

Employment equity

The PSC:
- Continued to support organizations through the conduct and publication of research on matters related to employment equity (EE), including a literature review on the recruitment of persons with disabilities and a paper on the story of EE in the public service and the PSC;
- Permanently implemented the government-wide approach to the Affirmation of Aboriginal Affiliation to all types of appointment processes, based on the pilot project carried out in the previous year. The amended policy came into effect on April 1, 2012;
- Maintained effective liaisons on EE-related issues with various stakeholders, including Parliamentarians, during the reporting period; and
- Contributed to the Government of Canada's Report on the United Nations Convention on the Rights of Persons with Disabilities and the United Nations Committee on the Elimination of Racial Discrimination.

Political activities

The PSC:
- Received 57 new requests for permission to seek nomination or be a candidate (17 for provincial elections, 3 for territorial elections and 37 for municipal ones);
- In November 2011, implemented a streamlined approach for reviewing provincial and territorial candidacy requests; and
- Continued to conduct a number of outreach activities designed to increase awareness. The 2010 Survey of Staffing – Candidates results demonstrated that 63% of respondents indicated that they were aware of their rights and responsibilities regarding political activities to a moderate or great extent.

Lessons learned

Early engagement with partners and stakeholders on large initiatives such as the policy options on how to deal with mobility issues related to second language testing, alternations and priority management has resulted in the improved quality of policy and guidance documents. The PSC will build on this experience in its future policy development initiatives.

Program Activity: 1.2.0 – Oversight of Integrity in Staffing

Program activity description

The Oversight of Integrity in Staffing and Political Neutrality activity provides an accountability regime for the implementation of the appointment policy and regulatory framework for safeguarding the integrity of public service staffing and ensuring that staffing is free from political influence. This activity includes monitoring departments' and agencies' staffing performance and compliance with legislative requirements, conducting audits and studies, carrying out investigations and reporting to Parliament on the integrity of public service staffing.

2011–12 Financial resources ($ thousands)

Planned Spending	Total Authorities*	Actual Spending*
21,781	21,812	21,548

*Excludes amount deemed appropriated to SSC

2011–12 Human resources (FTEs)

Planned	Actual	Difference
196	172	24

Expected Result	Performance Indicators	2011-12 Targets	Actual Results
Enhanced risk-based oversight of the integrity of public service staffing	Performance indicator 1: Oversight activities (monitoring, audits and studies) by the PSC	Target 1a: Ongoing monitoring covers 100% of organizations	All organizations were monitored through the Departmental Staffing Action Report (DSAR) cycle. The PSC continues to conduct on-going monitoring based on DSARs
		Target 1b: Audits conducted on a 5- to 7-year cycle for PSEA entities	Audits conducted as identified in the Audit and Studies Plan
	Performance indicator 2: Studies address the empirical needs of the Annual Report	Target 2: Studies conducted as identified in the Audit and Studies Plan	Studies conducted as identified in the Audit and Studies Plan

Performance summary and analysis of program activity

In addition to the achievements described under Priority III, the PSC successfully completed the following activities:

Improving staffing outcomes and ensuring that staffing activities reflect merit and the core and guiding values

The SMAF is a key oversight tool that defines the PSC's expectations for a well-managed appointment system. In 2011-12, the PSC:

- Assessed the staffing performance of 84 organizations;

- Streamlined reporting requirements; and
- Added a new indicator to assess whether the legal entitlements of priority persons are being respected by organizations.

Efficient and effective audits and studies

The PSC continued to improve its audit methodologies and delivered on its Audit and Studies Plan for 2011-12, in accordance with the approved timeline and budget. In 2011-12, the PSC:

- Conducted 11 organizational audits: Canadian Human Rights Tribunal, Financial Consumer Agency of Canada, Office of the Superintendent of Financial Institutions, Office of the Commissioner of Official Languages, Economic Development Agency of Canada for the Regions of Quebec, National Energy Board, Natural Resources Canada, Transportation Appeals Tribunal of Canada, Transport Canada, Environment Canada, Foreign Affairs and International Trade Canada; and undertook an agreement on the follow-up of the Audit of Immigration and Refugee Board of Canada and the analysis on PIMS;
- Produced three study updates and completed the Study on Understanding Staffing Data Systems in Public Service Organizations. As a result of the study, the PSC developed an action plan to consult with stakeholder organizations, including central agencies, with the objective of optimizing data services to organizations;
- Developed different measures of time to staff to provide additional information on the time it takes to fill positions within the public service;
- Promoted better communications with audited organizations by making its audit criteria and program available to all organizations through the government Web site GCPEDIA. To date, the PSC's page was accessed more than 4 000 times; and
- Promoted audit efficiencies for both the organization and the PSC through the practice of reliance on the review work done by their internal audit unit on staffing activities. This exercise can provide deputy heads with more timely information and an improved understanding of their staffing practices and risks.

Investigations

The PSC reviewed a total of 679 investigation cases this year, compared to 492 during the previous fiscal year. A total of 181 cases were completed through full investigation. This high number of cases completed affected the overall completion time of an average file. As a result, the PSC was not able to comply fully with its service standard which allows 210 days as the time frame for completion of 80% of investigation files. Moving forward, the branch will return to a state of compliance as the number of files received returns to expected levels.

Lessons learned

The PSC developed a methodology to establish reliance on the audit and review work by organizations on their staffing activities to increase effectiveness and reduce the time and effort required to undertake an audit. The PSC will continue to outreach to organizations to promote the use of the PSC audit methodology through GCPEDIA and communicate what is needed to establish reliance on organizations' staffing activities review work.

Program Activity: 1.3.0 – Staffing Services and Assessment

Program activity description

The Staffing Assessment and Services activity develops and maintains systems that link Canadians seeking employment opportunities in the federal public service with hiring departments and agencies. It provides assessment-related products and services in the form of research and development, consultation, assessment operations and counselling for recruitment, selection and development throughout the public service. This activity also includes delivering staffing services, programs and products through client service units located across Canada.

2011–12 Financial resources ($ thousands)

Planned Spending	Total Authorities*	Actual Spending*
28,556	33,774	32,010

*Excludes amount deemed appropriated to SSC

2011–12 Human resources (FTEs)

Planned	Actual	Difference
385	395	(10)

Expected Result	Performance Indicator	2011-12 Target	Actual Results
Staffing and assessment services and products that meet the needs of federal organizations operating within a more fully delegated staffing environment under the PSEA	Level of client satisfaction with PSC staffing and assessment services and products	"Satisfactory" consultation and survey results 75% of the time **Baseline 2009-10:** Staffing and Assessment Services Branch: An overall satisfaction rate for quality of services of 57%	Results of the fall survey (covering April to October 2011) demonstrated that the level of client satisfaction with the quality of our staffing and assessment services and products is at 85%. The second survey for the remainder of the fiscal year (for the period of November to March 31, 2012) showed an 86% client satisfaction. Satisfaction rate is a combined rate for both staffing and assessment

Performance summary and analysis of program activity

The PSC offers high quality recruitment programs as well as mandatory and optional staffing and assessment products and services through its offices located across the country. In 2011-12, it provided services to over 106 organizations on a cost recovery basis, generating $10. 9M in revenue. A slight decrease in revenues was noted in relation to the previous year.

During the reporting period, the PSC continued to review and enhance its products and services to meet the changing needs of the public service and support organizations in exercising their delegated authorities.

In addition to the achievements described under the Priority IV, the PSC successfully completed the following activities:

Recruitment programs

The PSC:
- Launched three annual campaigns for students and graduates:

- o Federal Student Work Experience Program (FSWEP): 32 153 students in the inventory;
  - o Recruitment of Policy Leaders: 1 200 applicants; and
  - o Post-Secondary Recruitment (PSR) Program: 19 285 applicants to the five targeted career streams were offered to federal organizations for indeterminate and contingent hiring needs; and
- Approved 208 candidates on CO-OP/Internship Programs for on-the-job training and managed 162 Research Affiliate Program advertisement postings on behalf of organizations

Assessment services

The PSC:
- Provided expert guidance and support in the development and implementation of assessment strategies, services and tools for all occupations and levels in the government and to help prepare for workforce management. In addition, the PSC:
  - o Administered over 58 723 occupational tests, 20 725 tests in oral SLE along with an additional 51 193 SLE reading and writing tests;
  - o Provided 44% of the tests on-line; and
  - o Delivered 260 expert series assessment seminars to HR professionals and managers; and
- Expanded the use of technology in assessment through promotion and development in the areas of e-testing, unsupervised internet testing and computer-generated testing (CGT). The PSC exceeded targets for the development of test content for SLE CGT and the Public Service Entrance Examination (PSEE).

Business development and systems

The PSC:
- Worked closely with the Public Service Resourcing System (PSRS) community. By the end of March 2012, the number of departments/agencies that had direct access to the PSRS increased from 45 in 2010-11 to 51 organizations in 2011-12, enabling them to manage their staffing independently; and
- Enhanced the PSRS through initiatives such as the implementation of Unsupervised Internet Testing for the PSEE, the addition of a PSRS Administrator News Box, the creation of a Recent Administrator Work Log and improved PSRS screen accessibility. PSRS releases were implemented in line with PSR and FSWEP program launches

Lessons learned

In 2011-12, the PSC established an inter-organizational steering committee to provide direction for the continued evolution of the PSRS. By having non-PSC co-chairs and in composing the committee from both the HR community and line management from a range of organizations, the PSC received valuable input into the needs of organizations, gained insight into challenges faced by managers and HR and was able to prioritize development to best support organizations. Through this collaboration, the level of engagement was improved, allowing for greater understanding of the PSRS infrastructure and resulting in better communication across organizations.

The PSC has undertaken several reviews of its test security practices over the years in order to enhance the protection of these assets. Early efforts to address test security issues were focussed primarily on increased monitoring and tighter controls. More recently, the PSC has focussed on innovation as a means to enhance test security. Investments in e-testing and CGT, for example, will not only decrease the likelihood of test security incidents, but the impact of such incidents as well. These innovations will be targeted first toward our SLE tests that are high volume, statutory and standardized.

"Work was completed on a virtual career space technology platform as a proof of concept. The decision was taken not to proceed with the project due to the availability of new solutions that are currently being evaluated by our partner. The work completed, along with research of existing best practices and alternative service delivery options, was evaluated to inform future efforts on strategic recruitment and the use of social media in government."

Program Activity: 2.1.0 – Internal Services

Program activity description

The Internal Services program activity develops and monitors corporate management planning frameworks and policies related to the Management Accountability Framework (MAF), finance, HR management, information technology (IT), library services, communications and other administrative and support services; provides central services, legal services and systems in support of all PSC programs, including the offices of the President and Commissioners and formulates and implements policies, plans, guidelines, standards, processes and procedures to support the decision-making process of the Commission.

2011–12 Financial resources ($ thousands)

Planned Spending	Total Authorities*	Actual Spending*
33,945	40,262	37,401
*Excludes amount deemed appropriated to SSC		

2011–12 Human resources (FTEs)

Planned	Actual	Difference
273	258	15

Expected Result	Performance Indicators	Actual Results
Sound and effective management practices and support functions for the delivery of the PSC's mandate	Unqualified audit opinion from the Office of the Auditor General on PSC financial statements	The PSC received an unqualified audit opinion for fiscal year 2011-12
	Sound independently-assessed management systems for the PSC are maintained	The Internal Audit Directorate was independently assessed and found to be in conformity with professional standards and the internal audit policies of the Government of Canada
	Organizational Performance Measurement Framework (PMF) supporting-decision making (e.g., monthly reports, quarterly reporting on operational plan, ongoing financial reporting and risk management)	The PMF was reviewed and updated. Quarterly performance reports structured on the PMF were discussed by the Executive Management Committee and performance exceptions addressed accordingly
	Improved integrated planning, as indicated in the SMAF and DSAR and the Integrated HR / Operational Plan and quarterly reports	Departmental DSAR issues were addressed. An audit of HR and integrated planning was undertaken
	Improved people management, as indicated by the quality of placements and the effectiveness of succession planning, etc.	Senior management departures were addressed in a seamless fashion, thus ensuring operational continuity
	Increased employee engagement as measured by the results of the Employee Engagement Survey	The PSC received positive results in the 2011 Employee Engagement Survey
	Implementation of a streamlined cost recovery billing process and renewed Revenue Management System	Implementation was successful

Performance summary and analysis of program activity

In addition to the achievements described under Priority III, the PSC successfully completed the following activities:

In 2011-12, the PSC strengthened its management practices related to integrated planning, HR, finance, communication, information management and information technology. Our success at maintaining rigorous management practices was confirmed through the results of the PSC's 2011 MAF assessment and the Public Service Employee Survey (PSES).

The PSC maintained its rating for Round IX of the MAF with one strong rating (financial management), four acceptable (values and ethics, citizen focus service, internal audit and people management) and one opportunity for improvement (risk management). With regard to the PSES, the PSC's results were higher than those of the public service as a whole, with a response rate of 80.5%, demonstrating employee engagement towards the organization. The results indicated that employees are motivated and appreciate the work environment, vision and leadership of the organization. The main area of concern is career progression.

Other examples of achievements are presented below:

- Attained a superior rate of representation of designated groups: in its EE Status Report, the Canadian Human Rights Commission stated that "*The EE results of the PSC are remarkable. The overall representation of all designated groups within the PSC's workforce is higher than the labour market's availability estimates.*";
- Continued to strengthen PSC's planning and reporting processes by providing tools, guides and support for the Integrated Resource Planning and Budgeting exercise and introduced both a new process for IT project priorities and approvals and a new Director General committee to respond to planning and reporting requirements;
- Paid special attention to effective forecasting practices, increased fiscal prudence and budget allocation decisions and reductions aligned with the PSC's priorities;
- Continued to strengthen its financial management framework, including the system of internal controls over financial reporting and financial management governance;
- Enhanced project management practices by implementing a PMF for information management (IM)/IT projects aligned with Treasury Board policies. The PMF includes clear governance, processes and documentation, was reviewed by TBS-Chief Information Officer Branch and it is now available to all organizations via GCPEDIA;
- Strengthened the alignment between related investments and business requirements by including branch membership in key IM/IT governance bodies and collaborating with branches on IM/IT project prioritization and selection;
- Engaged in and supported the transition of IT infrastructure and e-mail services to SSC and continues to engage in government-wide initiatives;
- Completed an external review of the internal audit function, confirming its conformance to professional standards and government internal audit policies;
- Promoted the use of PSC's Enterprise and Document Management System to ensure information of business value is managed throughout its life cycle; and
- Changed the PSC's public-facing Web sites and Web applications to comply with the new Standard on Web Accessibility and to ensure accessibility to the visually impaired.

Lessons learned

Although the PSC's corporate risk profile, budgetary and management practices and risk mitigation strategies were all monitored on a regular basis by senior management, a more formalized process is being developed to ensure a comprehensive, well-documented approach to the management of risk. This will include the development of a risk register, improved internal outreach activities and communication of the strategic risk and mitigation strategies across the organization.

The PSC accepted the report of the Office of the Procurement Ombudsman noting observations with the use of ACAN. Corrective measures were subsequently put in place.

Changes to government structure

Impacts on financial and human resources resulting from the establishment of Shared Services Canada

2011–12 financial resources ($ thousands)

	Planned Spending (PSC)	Total Authorities (SSC)*
Net transfer post Orders in Council (OIC)** to SSC	97,345	1,922

* Pursuant to section 31.1 of the *Financial Administration Act* and Orders in Council P.C. 2011-0881, P.C. 2011-0877 and P.C. 2011-1297, this amount was deemed to have been appropriated to SSC, which resulted in a reduction in the appropriation for the Public Service Commission.

** Total authorities, as presented in the "2011–12 Financial Resources" table (and other relevant tables) in the "Summary of Performance" section, is the net of any transfers to SSC. Actual spending does not include expenditures incurred on behalf of SSC as of the OIC date.

2011–12 Human resources

	Planned(PSC)	Actual (SSC)
Deemed to SSC	985	7

Section III: Supplementary Information

Financial Highlights

Condensed Statement of Financial Position (Unaudited)

As at March 31, 2012
($ thousands)

	Change (%)	2011-2012	2010-2011
Total net liabilities	-15.2	22,111	26,086
Total net financial assets	36.4	6,743	4,945
Departmental net debt	-27.3	15,368	21,141
Total non-financial assets	-17.0	13,016	15,686
Departmental net financial position	56.9	(2,352)	(5,455)

Condensed Statement of Operations and Departmental Net Financial Position (Unaudited)

For the year ended March 31, 2012
($ thousands)

	Change (%)	2011-2012	2010-2011
Total expenses	1.7	135,222	132,947
Total revenues	6.2	12,850	12,095
Net cost of operations before government funding and transfers	1.3	122,372	120,852
Departmental net financial position	56.9	(2,352)	(5,455)

List of supplementary information tables

Electronic supplementary information tables listed in the 2011–12 Departmental Performance Report can be found on the PSC Web site (http://www.psc-cfp.gc.ca/abt-aps/dpr-rmr/2011-2012/index-eng.htm).

▸ Greening Government Operations;

▸ Internal Audits and Evaluations; and

▸ Sources of Respendable and Non-Respendable Revenue.

Section IV: Other items of interest

Organizational contact information

E-mail address:

infocom@psc-cfp.gc.ca

Mailing address:

Public Service Commission
L'Esplanade Laurier
300 Laurier Avenue West
Ottawa, Ontario K1A 0M7

Additional information

This document is available on the publications section of the PSC Web site at http://www.psc-cfp.gc.ca/abt-aps/dpr-rmr/2011-2012/index-eng.htm .

Public Service Commission
of Canada

Commission de la fonction publique
du Canada

Public Service Commission

Financial Statements
March 31, 2012

Canada

Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Speaker of the House of Commons and the Speaker of the Senate

Report on the Financial Statements

I have audited the accompanying financial statements of the Public Service Commission, which comprise the statement of financial position as at 31 March 2012, and the statement of operations and net financial position, statement of change in net debt and statement of cash flows for the year then ended, and 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 the auditor's 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, the auditor considers 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Public Service Commission as at 31 March 2012, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of the Public Service Commission that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations and the *Public Service Employment Act*.

Michael Ferguson, FCA
Auditor General of Canada

9 August 2012
Ottawa, Canada

PUBLIC SERVICE COMMISSION

Statement of Management Responsibility Including Internal Control over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2012, and all information contained in these statements rests with the management of the Public Service Commission of Canada (PSC). These financial statements have been prepared by management using the Government's accounting policies, which are based on 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 PSC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the PSC's Departmental Performance Report, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) 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 *Financial Administration Act* 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; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the PSC and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

A risk-based assessment of the system of ICFR for the year ended March 31, 2012 was completed in accordance with the Treasury Board *Policy on Internal Control* and the results and action plans are summarized in the [Annex to the Statement of Management Responsibility including Internal Control over Financial Reporting](#).

The effectiveness and adequacy of the PSC's system of internal control is reviewed by the work of internal audit staff, who conduct periodic audits of different areas of the PSC's operations, and by the Internal Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting, and which recommends the financial statements to the President of the PSC.

The Office of the Auditor General, the independent auditor for the Government of Canada, has expressed an opinion on the fair presentation of the financial statements of PSC which does not include an audit opinion on the annual assessment of the effectiveness of the department's internal controls over financial reporting.

Anne-Marie Robinson
President, Public Service Commission

Omer Boudreau
Chief Financial Officer
Vice-President, Corporate Management

Ottawa, Canada
August 9, 2012

PUBLIC SERVICE COMMISSION
Statement of Financial Position
As at March 31
(in thousands of dollars)

	2012	2011 Restated
Liabilities		
Accounts payable and accrued liabilities (Note 4)	$6,062	$5,049
Vacation pay and compensatory leave	3,638	3,652
Lease obligation for tangible capital assets (Note 5)	17	18
Employee future benefits (Note 6)	12,394	17,367
Total net liabilities	**22,111**	**26,086**
Financial assets		
Due from the Consolidated Revenue Fund	5,078	3,822
Accounts receivables and advances (Note 7)	1,665	1,123
Total net financial assets	**6,743**	**4,945**
Net debt	**15,368**	**21,141**
Non-financial assets		
Prepaid expenses	361	614
Tangible capital assets and leased tangible capital assets (Note 8)	12,655	15,072
Total non-financial assets	**13,016**	**15,686**
Net financial position	**($2,352)**	**($5,455)**

Contractual obligations (Note 9)

Contingent liabilities (Note 10)

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

Anne-Marie Robinson
President, Public Service Commission

Omer Boudreau
Chief Financial Officer
Vice-President, Corporate Management

Ottawa, Canada
August 9, 2012

PUBLIC SERVICE COMMISSION
Statement of Operations and Net Financial Position
For the year ended March 31
(in thousands of dollars)

	2012 Planned Results	2012	2011 Restated (Note 14)
Expenses			
Appointment integrity and political impartiality	$14,346	$16,310	$13,752
Oversight of integrity in staffing	24,401	24,345	26,116
Staffing services and assessment	49,598	49,179	48,149
Internal services	41,321	45,388	44,930
Total Expenses	**129,666**	**135,222**	**132,947**
Revenues			
Non-regulatory fees	15,801	10,506	10,550
Miscellaneous revenues	-	2,344	1,545
Total Revenues	**15,801**	**12,850**	**12,095**
Net cost of operations before government funding and transfers	**113,865**	**122,372**	**120,852**
Government funding and transfers			
Net cash provided by Government	95,549	102,649	102,445
Change in due from Consolidated Revenue Fund	(260)	1,256	(1,341)
Services provided without charge by other government departments (Note 11)	17,366	21,877	19,476
Transfer of assets and liabilities to Shared Services Canada (Note 12)	-	(307)	-
Net cost of operations after government funding and transfers	**1,210**	**(3,103)**	**272**
Net financial position - Beginning of year	**(5,685)**	**(5,455)**	**(5,183)**
Net financial position - End of year	**($6,895)**	**($2,352)**	**($5,455)**

Segmented information (Note 13)

The accompanying notes form an integral part of these financial statements

PUBLIC SERVICE COMMISSION
Statement of Change in Net Debt
For the year ended March 31
(in thousands of dollars)

	2012 Planned Results	2012	2011 Restated (Note 14)
Net cost of operations after government funding and transfers	**$1,210**	**($3,103)**	**$272**
Change due to tangible capital assets			
Acquisition of tangible capital assets	3,833	2,128	2,114
Amortization of tangible capital assets	(5,084)	(3,890)	(4,483)
Net (loss) or gain on disposal of tangible capital assets including adjustments	-	(3)	(9)
Transfer to other government departments	-	(652)	-
Total change due to tangible capital assets	**(1,251)**	**(2,417)**	**(2,378)**
Change due to prepaid expenses	**(34)**	**(253)**	**13**
Net increase (decrease) in net debt	**(75)**	**(5,773)**	**(2,093)**
Net debt - Beginning of year	**21,141**	**21,141**	**23,234**
Net debt - End of year	**$21,066**	**$15,368**	**$21,141**

The accompanying notes form an integral part of these financial statements

PUBLIC SERVICE COMMISSION
Statement of Cash Flows
For the year ended March 31
(in thousands of dollars)

	2012	2011 Restated
Operating activities		
Cash received from:		
Assessment and counselling services and products	($13,066)	($11,938)
Cash paid for:		
Salaries and employee benefits	97,454	92,872
Professional and special services	9,390	10,571
Transportation and telecommunications	1,594	2,304
Informatics, office equipment, furniture and fixtures	1,450	1,710
Rentals	1,357	1,015
Repair and maintenance	1,309	2,633
Utilities, materials and supplies, and other payments	679	713
Printing and publications services	354	451
	113,587	112,269
Cash used in operating activities	**100,521**	**100,331**
Capital investment activities		
Acquisitions of tangible capital assets	2,122	2,108
Proceeds from disposal of tangible capital assets	-	-
Cash used in capital investment activities	**2,122**	**2,108**
Financing Activities		
Lease payments for tangible capital assets	6	6
Cash used in financing activities	**6**	**6**
Net cash provided by Government of Canada	**$102,649**	**$102,445**

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

PUBLIC SERVICE COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2012

1. Authority and objectives

The Public Service Commission (PSC) is an independent agency established under the *Public Service Employment Act* (PSEA) and listed in schedules 1.1 and IV of the *Financial Administration Act* (FAA). It is dedicated to building a public service that strives for excellence by protecting merit, non-partisanship, and representativeness of Canadian society and the use of both official languages. This responsibility is performed in the best interests of the public service as part of Canada's governance system, by administering and applying the provisions of the PSEA and by carrying out responsibilities as provided for in the *Employment Equity Act* and the *Official Languages Act*. The current PSEA came into force in December 2005. This legislation emphasizes the PSC's accountability to Parliament and provides authority to the PSC to delegate staffing authority to deputy heads who in turn are accountable to the PSC for exercising this power. The PSC also carries out audits and investigations and administers measures under the PSEA regarding political activities of public servants.

The PSC, from its head office in Ottawa and its seven regional offices, offers recruitment services that allow talented Canadians, drawn from across the country, to join the public service and continually renews staffing services to meet the needs of a modern and innovative public service. The PSC has four program activities that contribute to the achievement of its objectives:

The **Appointment Integrity and Political Impartiality** activity develops and maintains a policy and regulatory framework for safeguarding the integrity of public service staffing and ensuring political neutrality. This activity includes establishing policies and standards, providing advice, interpretation and guidance and administering delegated and non-delegated appointment authorities.

The **Oversight of Integrity in Staffing** activity provides an accountability regime for the implementation of the appointment policy and regulatory framework for safeguarding the integrity of public service staffing and ensuring political neutrality. This activity includes monitoring departments' and agencies' compliance with legislative requirements, conducting audits, studies and evaluations, carrying out investigations, and reporting to Parliament on the integrity of public service staffing.

The **Staffing Services and Assessment** activity develops and maintains systems that link Canadians and public servants seeking employment opportunities in the federal public service with hiring departments and agencies. It provides assessment-related products and services in the form of research and development, consultation, assessment operations and counselling for use in recruitment, selection and development throughout the federal public service. This activity also includes delivering staffing services, programs and products to departments and agencies, to Canadians and public servants, through client service units located across Canada.

The **Internal Services** activity represents a group of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These activities include: Communications and Parliamentary Affairs; Corporate Management Practices and Evaluation; Human Resources Management; Finance and Administration; Information Technology Services; and Internal Audit. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

PUBLIC SERVICE COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2012

2. Summary of significant accounting policies

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) **Parliamentary authorities**

The PSC is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the PSC do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the Statement of Operations and Net Financial Position are the amounts reported in the future-oriented financial statements included in the 2011-12 Report on Plans and Priorities.

(b) **Net cash provided by the Government**

The PSC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the PSC is deposited to the CRF and all cash disbursements made by the PSC are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government.

(c) **Amounts due from the Consolidated Revenue Fund**

Amounts due from or to the 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 PSC is entitled to draw from the CRF without further appropriations to discharge its liabilities.

(d) **Revenues**

Revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenues takes place. PSC's revenues are composed of:

- Net voting authority for the provision of some of its services. This gives the PSC the authority to respend revenues received in a fiscal year to offset expenditures incurred in that fiscal year arising from the provision of assessment and counselling services and products;

- Proceeds from the disposal of Surplus Crown Assets;

- Other revenues collected as Employment Benefits Plan, User fee and other charges.

PUBLIC SERVICE COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2012

(e) **Expenses**

Expenses are recorded on an accrual basis.

Vacation pay and compensatory leave are accrued as the benefits are earned under the respective terms of employment.

Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans, legal, worker's compensation, audit services, information technology services and other services are reported as operating expenses at their estimated cost.

(f) **Employee future benefits**

i)   Pension benefits

Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. The PSC's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The PSC'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.

ii)   Severance benefits

Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) **Accounts receivable**

Accounts receivable are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for accounts receivable where recovery is considered uncertain.

(h) **Contingent liabilities**

Contingent liabilities are potential liabilities that 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 if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

PUBLIC SERVICE COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2012

(i) **Tangible capital assets**

All tangible capital assets and leasehold improvements having an initial cost of $5,000 or more are recorded at their acquisition cost. Similar items under $5,000 are expensed in the Statement of Operations and Net Financial Position. The cost of assets under development by the PSC includes material, direct labour and related overhead. 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 asset as follows:

Asset class	Amortization period
Office equipment	3 and 10 years
Informatics hardware and infrastructure	4 and 5 years
Computer software	3 years
In-house developed software	Lesser of 12 years and useful life
Furniture and fixtures	15 years
Vehicles	6 years
Leasehold improvements	Lesser of 10 years and term of lease
Leased equipment	Lesser of term of lease and useful life

(j) **Measurement uncertainty**

The preparation of these financial statements requires management to make estimates and assumptions that affect amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee future benefits and the useful life of tangible capital assets. 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.

3. Parliamentary authorities

The PSC receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Net Financial Position and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the PSC has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

PUBLIC SERVICE COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2012

(a) Reconciliation of net cost of operations to current year authorities used:

	(in thousands of dollars)	
	2012	2011
Net cost of operations before government funding and transfers	**$122,372**	**$120,852**
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(21,877)	(19,476)
Amortization of tangible capital assets	(3,890)	(4,483)
Revenue not available for spending	2,363	1,596
Decrease (increase) in employee future benefits	4,973	29
Decrease (increase) in vacation pay and compensatory leave	14	195
Other	90	136
Total items affecting net cost of operations but not affecting authorities	**(18,327)**	**(22,003)**
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	2,128	2,108
Decrease in lease obligations for tangible capital assets	1	6
Increase (decrease) in prepaid expenses	(253)	13
Total items not affecting net cost of operations but affecting authorities	**1,876**	**2,127**
Current year authorities used	**$105,921**	**$100,976**

(b) Authorities provided and used:

	(in thousands of dollars)	
	2012	2011
Authorities provided:		
Vote 100 - Operating expenditures	$97,565	$91,629
Statutory contributions to employee benefit plans	13,276	13,340
Spending of proceeds from disposal of surplus Crown assets	1	1
Refund of previous year revenue	19	53
Total authorities provided	**110,861**	**105,023**
Lapsed: Operating	(4,940)	(4,047)
Current year authorities used	**$105,921**	**$100,976**

PUBLIC SERVICE COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2012

4. Accounts payable and accrued liabilities

The following table presents details of the PSC's accounts payable and accrued liabilities:

	(in thousands of dollars)	
	2012	2011
Accounts payable - Other government departments and agencies	$186	$185
Accounts payable - External parties	3,255	2,591
Total accounts payable	**3,441**	**2,776**
Accrued liabilities	2,621	2,273
Total accounts payable and accrued liabilities	**$6,062**	**$5,049**

5. Lease obligation for tangible capital assets

The PSC has entered into agreements for photocopier rentals under capital lease with a cost of $33,500 and accumulated amortization of $7,133 as at March 31, 2012 ($27,800 and $4,187 at March 31, 2011). The obligations for the upcoming years include the following:

	(in thousands of dollars)	
	2012	2011
2012	$0	$7
2013	8	7
2014	3	5
2015	5	0
2016 and thereafter	2	0
Total future minimum lease payment	**18**	**19**
Less: imputed interest (2.12% to 6.67%)	(1)	(1)
Balance of obligations under leased tangible capital assets	**$17**	**$18**

PUBLIC SERVICE COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2012

6. Employee future benefits

(a)   Pension benefits

The PSC's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the PSC contribute to the cost of the Plan. The 2011-2012 expense amounts to $9,546,000 ($9,364,000 in 2010-2011), which represents approximately 1.8 times (1.9 in 2010-11) the employees' contributions.

The PSC'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.

(b)   Severance benefits

The PSC provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, measured as at March 31, is as follows:

	(in thousands of dollars)	
	2012	2011
Accrued benefit obligation, beginning of year	$17,367	$17,396
Transferred to Shared Services Canada, effective November 15, 2011 (Note 12)	(276)	-
Subtotal	**17,091**	**17,396**
Expense for the year	4,152	1,717
Benefits paid during the year	(8,849)	(1,746)
Accrued benefit obligation, end of year	**$12,394**	**$17,367**

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been 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 on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

PUBLIC SERVICE COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2012

7. Accounts receivable and advances

The following table presents details of the PSC's accounts receivable and advances balances:

	(in thousands of dollars)	
	2012	2011
Receivables – other government departments & agencies	$1,613	$1,067
Receivables - External parties	47	50
Employee advances	5	6
Net accounts receivable	**$1,665**	**$1,123**

8. Tangible capital assets

						(in thousands of dollars)	
						2012	2011
	Cost					Net book value	Net book value
	March 31, 2011	Acquisitions	Disposals, write-offs	Transfers	March 31, 2012		
Office equipment	$618	$0	($23)	$0	$595	$203	$248
Informatics hardware and infrastructure	8,159	520	(3,017)	-	5,662	1,306	2,153
Software	30,302	31	-	1,620	31,953	7,673	8,953
Furniture and fixtures	1,465	14	-	-	1,479	980	1,047
Vehicles	30	-	-	-	30	16	20
Leasehold improvements	1,157	-	-	-	1,157	528	642
Assets under development	1,985	1,557	-	(1,620)	1,922	1,922	1,985
Sub-Total	**43,716**	**2,122**	**(3,040)**	**-**	**42,798**	**12,628**	**15,048**
Leased equipment	28	6	-	-	34	27	24
Total	**$43,744**	**$2,128**	**($3,040)**	**$0**	**$42,832**	**$12,655**	**$15,072**

PUBLIC SERVICE COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2012

(in thousands of dollars)

| | 2012 Accumulated amortization | | | |
	March 31, 2011	Amortization	Disposals, write-offs	March 31, 2012
Office equipment	$370	$42	($20)	$392
Informatics hardware and infrastructure	6,006	715	(2,365)	4,356
Software	21,349	2,931	-	24,280
Furniture and fixtures	418	81	-	499
Vehicles	10	4	-	14
Leasehold improvements	515	114	-	629
Sub-Total	**28,668**	**3,887**	**(2,385)**	**30,170**
Leased equipment	4	3	-	7
Total	**$28,672**	**$3,890**	**($2,385)**	**$30,177**

Effective November 15, 2011, the PSC transferred tangible capital assets with a net book value of $652,000 to Shared Services Canada (refer to Note 12 for further detail on the transfer).

9. Contractual obligations

The nature of the PSC's activities can result in some large multi-year obligations whereby the PSC will be obligated to make future payments when the services are received. Significant contractual obligations other than the lease obligation for tangible capital assets that can be reasonably estimated are summarized as follows:

(in thousands of dollars)

	2013	2014	2015	2016 and thereafter	Total
Service contracts	$1,723	$173	$18	$0	**$1,914**
Operating leases	145	83	6	-	**234**
Total	**$1,868**	**$256**	**$24**	**$0**	**$2,148**

10. Contingent liabilities

Claims are made against the PSC in the normal course of operations. There is one claim outstanding at March 31, 2012, which is not expected to result in payment ($0 at March 31, 2011).

PUBLIC SERVICE COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2012

11. Related party transactions

The PSC is related as a result of common ownership to all government departments, agencies, and Crown corporations. The PSC enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the PSC received common services which were obtained without charge from other government departments as disclosed below:

a) Common services provided without charge by other government departments:

During the year, the PSC received services without charge from certain common service organizations, related to accommodation, employer's contribution to the health and dental insurance plans, legal services, workers' compensation coverage, audit services and information technology services. These services provided without charge have been recorded in the PSC's Statement of Operations and Net Financial Position as follows:

	(in thousands of dollars)	
	2012	2011
Accommodation	$11,850	$11,382
Employer's contribution to the health and dental insurance plans	7,249	6,714
Legal services	793	1,137
Worker's compensation	80	133
Audit services	115	110
Information technology services (SSC – New in 2012)	1,790	-
Total	**$21,877**	**$19,476**

b) Other transactions with related parties

	(in thousands of dollars)	
		2011
	2012	Restated
Expenses - Other government departments and agencies	22,335	19,241
Revenues - Other government departments and agencies	12,772	12,083

Expenses and revenues disclosed in (b) exclude common services provided without charge, which are already disclosed in (a).

PUBLIC SERVICE COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2012

12. Transfers to other government departments

Effective November 15, 2011, the PSC transferred responsibility for the information technology services to the Shared Services Canada in accordance with Order in Council dated November 15, 2011, including the stewardship responsibility for the assets and liabilities related to the program. Accordingly, the PSC transferred the following assets and liabilities related to the information technology services to the Shared Services Canada:

	(in thousands of dollars)
Assets	
Accounts receivable	$5
Tangible capital assets (net book value)	652
Prepaid expenses	34
Total assets transferred	**691**
Liabilities	
Accounts payable and accrued liabilities	12
Vacation pay and compensatory leave	96
Employee future benefits (Note 6)	276
Total liabilities transferred	**384**
Adjustment to net financial position	**$307**

PUBLIC SERVICE COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2012

13. Segmented information

Presentation by segment is based on the PSC's program activity architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main program activities, by major object of expense and by major type of revenue. The segment results for the period are as follows:

(in thousands of dollars)

	Appointment integrity and political impartiality	Oversight of integrity in staffing	Staffing services and assessment	Internal services	2012 Total	2011 Total
Expenses						
Salaries and employee benefits	$13,969	$19,861	$37,026	$29,471	$100,327	$97,653
Professional and special services	572	1,114	3,152	5,602	10,440	11,450
Accommodation	1,437	2,144	4,335	3,934	11,850	11,382
Transportation and telecommunications	174	284	903	741	2,102	2,333
Amortization of tangible capital assets	7	100	2,014	1,876	3,997	4,483
Informatics, office equipment, furniture and fixtures	7	591	304	1,301	2,203	1,559
Repair and maintenance	0	188	373	1,346	1,907	1,855
Rentals	32	32	225	1,142	1,431	1,017
Printing and publications services	31	9	158	172	370	455
Utilities, materials and supplies and other payments	81	22	689	(197)	595	760
Total Expenses	**16,310**	**24,345**	**49,179**	**45,388**	**135,222**	**132,947**
Revenues						
Non-regulatory fees	-	-	10,506	-	10,506	10,550
Miscellaneous revenues	-	-	2,340	4	2,344	1,545
Total Revenues	**-**	**-**	**12,846**	**4**	**12,850**	**12,095**
Net cost of operations before government funding and transfers	**$16,310**	**$24,345**	**$36,333**	**$45,384**	**$122,372**	**$120,852**

PUBLIC SERVICE COMMISSION
Notes to the Financial Statements
For the year ended March 31, 2012

14. Accounting changes

During 2011, amendments were made to *Treasury Board Accounting Standard 1.2—Departmental and Agency Financial Statements* to improve financial reporting by government departments and agencies. The amendments are effective for financial reporting of fiscal years ending March 31, 2012, and later. The significant changes to the PSC's financial statements are described below. These changes have been applied retroactively, and comparative information for 2010-11 has been restated.

Net debt (calculated as liabilities less financial assets) is now presented in the Statement of Financial Position. Accompanying this change, the PSC now presents a Statement of Change in Net Debt and no longer presents a Statement of Equity.

Government funding and transfers, as well as the credit related to services provided without charge by other government departments, are now recognized in the Statement of Operations and Departmental Net Financial Position below "Net cost of operations before government funding and transfers." In previous years, the PSC recognized these transactions directly in the Statement of Equity of Canada. The effect of this change was to decrease the net cost of operations after government funding and transfers by $125,475,000 for 2012 ($120,580,000 for 2011).

	2011 As previously stated	Effect of change	2011 Restated
Government funding and transfers			
Net cash provided by Government	$0	$102,445	$102,445
Change in due from Consolidated Revenue Fund	-	(1,341)	(1,341)
Services provided without charge by other government departments	-	19,476	19,476

15. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.