

PRIVY COUNCIL OFFICE

FUTURE-ORIENTED STATEMENT OF OPERATIONS

FOR THE YEARS ENDING MARCH 31, 2017 AND MARCH 31, 2018

Privy Council Office

Future-Oriented Statement of Operations

(unaudited)

for the year ending March 31

Statement of Management Responsibility

Management is responsible for the Future-Oriented Statement of Operations, including responsibility for the appropriateness of the assumptions on which this statement is prepared. This statement is based on the best information available and on assumptions adopted as at September 30, 2016 and reflects the plans described in the Departmental Plan.

This statement has not been subject to an external audit or review but has been shared with the Privy Council Office (PCO) Departmental Audit Committee and it reflects the committee members' comments.

Michael Wernick
Clerk of the Privy Council and
Secretary to the Cabinet

Kami Ramcharan
Assistant Deputy Minister
Corporate Services Branch
Chief Financial Officer

Ottawa, Canada

Signed date: _____

Ottawa, Canada

Signed date: _____

Privy Council Office Future-Oriented Statement of Operations (unaudited)

for the year ending March 31

	Forecast Results 2016-17	Planned Results 2017-18
Expenses	(in thousands of dollars)	
Advice and support to the Prime Minister and portfolio ministers	77,889	77,076
Advice and support to Cabinet and Cabinet committees	13,706	14,583
Public service leadership and direction	4,602	4,832
Commissions of inquiry	5,194	34,147
Internal Services	80,311	72,110
Total expenses	181,702	202,748
Revenues		
Miscellaneous revenues	31	17
Internal services support	75	75
Revenues earned on behalf of government	(15)	(5)
Total revenues	91	87
Net cost of operations before government funding and transfers	181,611	202,661

The accompanying notes form an integral part of this Future-Oriented Statement of Operations.

Privy Council Office

Notes to the Future-Oriented Statement of Operations

(Unaudited)

For the year ending March 31

1. Methodology and significant assumptions

The Future-Oriented Statement of Operations has been prepared on the basis of government priorities and departmental plans as described in the Departmental Plan.

The information in the forecast results for fiscal year 2016–17 is based on actual results as at September 30, 2016 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2017–18.

The main assumptions underlying the forecasts are as follows:

(a) PCO's funding requirements have increased as a result of its expanded role in supporting the Prime Minister and the Government in the delivery of their agenda. This increase in part is related to a commission of inquiry for the two years forecasted.

(b) Expenses and revenues, including the determination of amounts internal and external to the government, are based on past experience. The general historical pattern is expected to continue.

These assumptions are made as at September 30, 2016.

2. Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of 2016–17 and for 2017–18, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing this Future-Oriented Statement of Operations, PCO has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical statement of operations include:

(a) The timing and the amount of acquisitions and disposals of equipment, which may affect gains, losses and amortization expense;

(b) The implementation of new collective agreements; and

(c) Other changes to the operating budget, such as new initiatives or technical adjustments later in the fiscal year.

Privy Council Office

Notes to the Future-Oriented Statement of Operations

(unaudited)

for the year ending March 31

After the Departmental Plan is tabled in Parliament, PCO will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates. Variances will be explained in the Departmental Results Report.

3. Summary of significant accounting policies

The Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for fiscal year 2011–12 and is 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) Expenses

PCO records expenses on an accrual basis.

Expenses for PCO's operations are recorded when goods are received or services are rendered, including services provided without charge for accommodation, employer contributions to health and dental insurance plans and worker's compensation, which are recorded as expenses at their estimated cost. Vacation pay and compensatory leave, as well as severance benefits, are accrued, and expenses are recorded as the benefits are earned by employees under their terms of employment.

Transfer payments are recorded as expenses when the recipients have met all the eligibility criteria and the transfers are authorized by March 31. In the case of transfers that do not form part of an existing program, the transfers are considered to be authorized when the government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.

Expenses also include provisions to reflect changes in the value of assets, including provisions for bad debt on accounts receivable, inventory obsolescence, or liabilities, including contingent liabilities, to the extent the future event is likely to occur and a reasonable estimate can be made.

Expenses also include amortization of tangible capital assets, which are capitalized at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset.

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(b) Revenues

Miscellaneous revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

Revenues that are non-respendable are not available to discharge PCO's liabilities. Although the Clerk of the Privy Council and Secretary to the Cabinet is expected to maintain accounting control, he has no authority over the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of PCO's gross revenues.

4. Parliamentary authorities

PCO is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to PCO differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. Items recognized in the Future-Oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current, or future years. Accordingly, PCO has different net costs of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

Privy Council Office

Notes to the Future-Oriented Statement of Operations (unaudited)

for the year ending March 31

a) Reconciliation of net cost of operations to requested authorities

	Forecast Results 2016-17	Planned Results 2017-18
	(in thousands of dollars)	
Net cost of operations before government funding and transfers	181,611	202,661
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(1,342)	(1,889)
Gain (loss) on disposal of tangible capital assets	(436)	(7)
Services provided without charge by other government departments	(20,587)	(21,305)
Prepaid expenses previously charged to authorities	(1,241)	(1,146)
Increase in vacation pay and compensatory leave	(1,004)	(221)
Increase in employee future benefits	(643)	(481)
Work in progress	7,498	3,300
Refund of prior years' expenditures	82	92
Total items affecting net cost of operations but not affecting authorities	(17,673)	(21,657)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Increase (decrease) in inventory	808	(906)
Acquisition of tangible capital assets	1,055	772
Increase in prepaid expenses	1,161	1,124
Total items not affecting net cost of operations but affecting authorities	3,024	990
Requested authorities	166,962	181,994

b) Authorities requested

	Forecast Results 2016-17	Planned Results 2017-18
	(in thousands of dollars)	
Authorities requested:		
Vote 1: operating expenditures	153,852	165,620
Statutory amounts	16,002	16,386
Less:		
Authorities available for future years	(16)	(12)
Lapsed: operating	(2,876)	-
Total authorities requested	166,962	181,994