

# Privy Council Office

## Quarterly Financial Report

**Statement outlining results, risks and significant changes in operations,  
personnel and programs  
For the quarter ended June 30, 2013**

### INTRODUCTION

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This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board Accounting Standard 1.3. This quarterly financial report should be read in conjunction with the *Main Estimates and Supplementary Estimates and with the previous Quarterly Financial Statements as well as Canada's Economic Action Plan 2012 (Budget 2012)*.

This quarterly report has not been subject to an external audit or review but has been shared with the Privy Council Office Audit Committee and it reflects the committee's members comments.

### AUTHORITY, MANDATE AND PROGRAM AUTHORITIES

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The mandate of the Privy Council Office (PCO) is to serve Canada and Canadians by providing professional, non-partisan advice and support to the Prime Minister, the ministers within the Prime Minister's portfolio and the Cabinet. PCO supports the development of the Government of Canada's policy agenda; coordinates responses to issues facing the Government and the country; and, supports the effective operation of the Cabinet.

As Head of the Public Service of Canada, the Clerk of the Privy Council sets strategic direction and oversees all major issues for the Public Service. Led by the Clerk of the Privy Council, PCO helps the Government to implement its vision and respond effectively and quickly to issues facing the Government and the country. PCO's three primary roles are:

1. Advice to the Prime Minister: PCO provides impartial advice to the Prime Minister, portfolio ministers, Cabinet and Cabinet committees on matters of national and international importance;
2. Secretariat to the Cabinet: PCO ensures the smooth functioning of the Cabinet decision-making process and facilitates the implementation of the Government's agenda; and,
3. Public service leadership: PCO fosters a high-performing and accountable public service.

Further information on PCO's program activities can be located in Part II of the Main Estimates. For more information on PCO's main roles, please visit PCO's website <http://www.pco.gc.ca>.

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### **BASIS OF PRESENTATION**

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This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the department's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and Supplementary Estimates for the 2013-14 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework (cash basis) designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriations acts or through legislation in the form of statutory spending authority for specific purposes.

As part of the Parliamentary business of supply, the Main Estimates must be tabled in Parliament on or before March 1 preceding the new fiscal year. Budget 2012 was tabled in Parliament on March 29, 2012 after the tabling of the Main Estimates on February 28, 2012. As a result, the measures announced in the Budget 2012 could not be reflected in the 2012-13 Main Estimates.

In fiscal year 2012-13, frozen allotments were established by Treasury Board authority in departmental votes to prohibit the spending of funds already identified as savings measures in Budget 2012. In 2013-14, the changes to departmental authorities were reflected in the 2013-14 Main Estimates tabled in Parliament.

PCO uses the full accrual method of accounting to prepare and present its departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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### **HIGHLIGHTS OF FISCAL QUARTER AND FISCAL YEAR TO DATE (YTD) RESULTS**

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#### **Statement of Authorities**

As of June 30, 2013, the total authorities available for the year have decreased by \$4.7 million when compared to the same quarter of 2012-13.

As per the Statement of Authorities, the net decrease of \$4.7 million, from \$128.1 million for 2012-13 to \$123.4 million for 2013-14 is mainly related to the following:

- A decrease of \$7.0 million in savings resulting from PCO's Strategic Review identified in Budget 2011 and the department's deficit reduction measures identified in Budget 2012;
- A decrease of \$2.5 million relating to the completion of the Commission of Inquiry into the Decline of Sockeye Salmon in the Fraser River; and,
- A decrease in funding of \$1.0 million for the Office of the Special Advisor on Human Smuggling and Illegal Migration.

These reductions are partially offset by the following:

- An increase of \$2.4 million for the operational activities of the Business Transformation and Renewal Secretariat in pursuing government-wide opportunities for improved services and operational efficiencies;
- An increase of \$1.4 million to continue to support the coordination of a government-wide communications strategy for Canada's Economic Action Plan;
- An increase of \$0.9 million for the ratification of specific collective agreements; and,
- An increase of \$0.9 million to support the government-wide coordination of implementation of the Perimeter Security and Economic Competitiveness Action Plan.

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The main reason for variances in the standard objects for personnel and transportation is due to savings resulting from PCO's Strategic Review identified in Budget 2011 and the department's deficit reduction measures identified in Budget 2012. The decrease in authorities for acquisition of machinery and equipment can be explained by the fact that the 2012-13 authorities were based on historical spending trends which included activities that were transferred to the Shared Services Canada Agency (SSC).

In accordance with section 29.2 of the *Financial Administration Act*, PCO identified \$49,000 as Vote Net Revenue in its 2013-14 Main Estimates to provide internal support services to other departments. The 2013-14 amount was reduced from \$74,000 in 2012-13 since PCO ceased to provide internal support services to the Public Appointment Commission Secretariat which was abolished.

### **Statement of Departmental Budgetary Expenditures by Standard Object**

The expenditure for the quarter ended June 30, 2013 has decreased by \$1 million compared to the same period for fiscal year 2012-13.

As per the Statement of Departmental Budgetary Expenditures by Standard Object, the decrease in the year-to-date used at quarter-end can mainly be attributed to decreases in expenditures for personnel, professional services and acquisition of machinery and equipment, partially offset by increases in expenditures for information.

The decrease is mainly attributed to savings resulting from PCO's Strategic Review identified in Budget 2011 and the department's deficit reduction measures identified in Budget 2012 and timing differences in the expenses when compared to the same quarter for the previous year for acquisition of machinery and equipment.

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### **RISKS AND UNCERTAINTIES**

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PCO faces a number of external and internal risks. The dominant financial risks lie in funding initiatives to deal with issues that emerge unexpectedly. As part of its coordinating role, PCO is expected to launch these initiatives on short notice, and either manage the necessary expenditures within its own spending authorities, or cash manage until increased spending authorities are approved.

This Departmental Quarterly Financial Report (QFR) reflects the results of the current fiscal period in relation to the Main Estimates for which full supply was released on June 20, 2013. PCO did not request any funding through the 2013-14 Supplementary Estimates A.

### **SIGNIFICANT CHANGES IN RELATION TO OPERATIONS, PERSONNEL AND PROGRAMS**

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PCO has managed several budget reduction-related activities in recent years. The combined effect of various savings exercises such as Budget 2010, Strategic Review, and measures to modernize and reduce the cost of government announced in Canada's Economic Action Plan 2012 (Budget 2012) have resulted in a reduction to PCO's workforce.

The transfer of activities to SSC had a significant impact on PCO's spending. PCO transferred all its resources associated with the delivery of email, data centre and network services to SSC for \$7.4 million ongoing in 2012-13. An additional transfer approved in Budget 2013 related to end user devices will occur during 2013-14.

The Commission of Inquiry into the Decline of the Sockeye Salmon in the Fraser River submitted its final report on October 31, 2012 and operations were completed on December 31, 2012. Although no commissions of inquiry are planned for the 2013-14 fiscal year, PCO will provide any commission that may be established throughout the year with the financial and administrative support necessary to fulfil its mandate.

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### **BUDGET 2012 IMPLEMENTATION**

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This section provides an overview of the savings measures announced in Budget 2012.

As announced in Canada's Economic Action Plan 2012, part of the Government's agenda is to refocus government and its programs, make it easier for Canadians and business to deal with their government, as well as right-size and modernize back office operations. To support these objectives, PCO has undertaken several deficit reduction measures, including: reviewing business processes across the department to achieve administrative efficiencies and redefining internal service levels accordingly; further integrating the intergovernmental affairs function within the department; modernizing and streamlining the government communications function; and streamlining the Cabinet system to improve the efficiency and effectiveness of decision-making.

The vast majority of PCO's expenses consist of salaries and associated operational costs. As a result, most of the saving need to be generated by having fewer full time equivalent positions within the department. These reductions are being achieved through a fair and transparent Workforce Adjustment process with all affected employees being treated with respect and every possible effort made to identify the best possible solution for each individual.

In the first year of implementation which was 2012-13, PCO has achieved savings of approximately \$1.4 million. Incremental saving of \$2.6 million will be achieved in 2013-14 and will result in ongoing annual savings of \$9.2 million by 2014-15.

**Approved by Senior Officials:**

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Wayne G. Wouters  
Clerk of the Privy Council and  
Secretary to the Cabinet

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Michelle Doucet  
Assistant Deputy Minister  
Corporate Services

*Ottawa, Canada  
August 29, 2013*

# Privy Council Office

## Quarterly Financial Report

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### STATEMENT OF AUTHORITIES *(unaudited)*

*(In thousands of dollars)*

	Fiscal year 2013-2014			Fiscal year 2012-2013		
	Total available for use for the year ending March 31, 2014 **	Used during the quarter ended June 30, 2013	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2013 **	Used during the quarter ended June 30, 2012	Year-to-date used at quarter-end
<b>Vote 1 - Net operating expenditures</b>	<b>109,009</b>	<b>22,445</b>	<b>22,445</b>	113,113	23,341	23,341
<b>Budgetary statutory authorities</b>						
Contributions to employee benefits plans	13,997	3,499	3,499	14,578	3,645	3,645
Prime Minister - Salary and motor car allowance	163	41	41	160	40	40
Minister of Intergovernmental Affairs and President of the Queen's Privy Council for Canada - Salary and motor car allowance	-	-	-	78	19	19
Minister of Infrastructure, Communities and Intergovernmental Affairs and Minister of the Economic Development Agency of Canada for the Regions of Quebec - Salary and motor car allowance	79	-	-	-	-	-
Leader of the Government in the Senate - Salary and motor car allowance	79	19	19	78	19	19
Leader of the Government in the House of Commons - Salary and motor car allowance	79	19	19	78	19	19
Minister of State (Democratic Reform) - Motor car allowance	2	1	1	2	1	1
Minister of State and Chief Government Whip - Motor car allowance	2	1	1	2	1	1
Spending of proceeds from the disposal of surplus Crown assets	18	-	-	-	-	-
<b>Total budgetary authorities</b>	<b>123,428</b>	<b>26,025</b>	<b>26,025</b>	128,087	27,085	27,085
<b>TOTAL AUTHORITIES</b>	<b>123,428</b>	<b>26,025</b>	<b>26,025</b>	128,087	27,085	27,085

\*\*includes only Authorities available for use and granted by Parliament at quarter-end; Total 2012-13 authorities for use does not reflect measures announced in Canada's Economic Action Plan 2012.

Note 1: Fiscal year 2013-14 presents authorities available for Planned Spending of proceeds from the disposal of surplus Crown assets. This information was not presented in PCO's 2012-13 Quarterly Financial Statements.

Note 2: Details may not add to totals due to rounding

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### Departmental budgetary expenditures by Standard Object *(unaudited)*

*(In thousands of dollars)*

	Fiscal year 2013-2014			Fiscal year 2012-2013		
	Planned expenditures for the year ending March 31, 2014	Expended during the quarter ended June 30, 2013	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2013 **	Expended during the quarter ended June 30, 2012	Year-to-date used at quarter-end
<b>Expenditures</b>						
Personnel	94,847	23,245	23,245	97,963	23,726	23,726
Transportation and communications	5,394	497	497	5,810	715	715
Information	1,998	497	497	1,956	221	221
Professional and special services	12,530	1,027	1,027	12,676	1,282	1,282
Rentals	1,600	303	303	1,511	302	302
Repair and maintenance	2,287	23	23	2,103	14	14
Utilities, materials and supplies	1,451	68	68	1,173	114	114
Acquisition of machinery and equipment	3,288	132	132	4,831	630	630
Transfer payments	-	-	-	25	-	-
Other subsidies and payments	82	233	233	113	81	81
<b>Total gross budgetary expenditures</b>	<b>123,477</b>	<b>26,025</b>	<b>26,025</b>	<b>128,161</b>	<b>27,085</b>	<b>27,085</b>
Revenues	(49)	-	-	(74)	-	-
<b>Total revenues netted against expenditures</b>	<b>(49)</b>	<b>-</b>	<b>-</b>	<b>(74)</b>	<b>-</b>	<b>-</b>
<b>TOTAL BUDGETARY EXPENDITURES</b>	<b>123,428</b>	<b>26,025</b>	<b>26,025</b>	<b>128,087</b>	<b>27,085</b>	<b>27,085</b>

\*\*includes only Authorities available for use and granted by Parliament at quarter-end; Total 2012-13 authorities for use does not reflect measures announced in Canada's Economic Action Plan 2012.

Note 1: Fiscal year 2013-14 presents authorities for Planned Spending of proceeds from the disposal of surplus Crown assets. This information was not presented in PCO's 2012-13 Quarterly Financial Statements.

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