

**PUBLIC APPOINTMENTS COMMISSION
SECRETARIAT**

FUTURE-ORIENTED FINANCIAL STATEMENTS

FOR THE YEARS ENDING MARCH 31 2011 AND MARCH 31 2012

Public Appointments Commission Secretariat Future-Oriented Financial Statements (Unaudited)

Statement of Management Responsibility

Departmental management is responsible for the future-oriented financial Information, including responsibility for the appropriateness of the assumptions on which the statement is prepared. The statement is based on the best information available and assumptions adopted as at December 23, 2010 and reflect the plans described in the Report on Plans and Priorities.

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Deputy Executive Director

Ottawa, Ontario

January 24, 2011

Public Appointments Commission Secretariat Future-Oriented Statement of Operations (Unaudited)

for the years ending March 31

Expenses	Estimated Results 2011	Forecast 2012
	(in thousands of dollars)	
Oversight of the Governor-in-Council appointments	204	1,133
Internal Services	150	255
Net Cost of Operations	354	1,388

Information for the year ended March 31, 2011 includes actual amounts from April 1, 2010 to December 23, 2010. The information for the remainder of the fiscal year 2010-11 and for fiscal year 2011-12 is based on estimates

Segmented information (Note 8)

The accompanying notes form an integral part of the future-oriented financial statement of operations.

Public Appointments Commission Secretariat

Notes to Future-Oriented Financial Statements (Unaudited)

for the year ending March 31

1. Authority and Objectives

The Public Appointments Commission Secretariat was established by Order in Council number PC 2006-0228, on April 21, 2006. The Secretariat was created to prepare the ground for the establishment of the Public Appointments Commission, and once established, to provide ongoing support. The mandate of the Commission and its Secretariat is described in the Federal Accountability Act.

The Commission and its Secretariat are within the portfolio of the Prime Minister, reflecting the prerogative of the Prime Minister with respect to Governor-in-Council appointments.

2. Significant Assumptions

The future-oriented statement of operations has been prepared on the basis of government priorities and the plans of the Public Appointments Commission Secretariat as described in the Report on Plans and Priorities.

The main assumptions are as follows:

- a) The Commissioner will be appointed over the next fiscal year.
- b) The Commission and its Secretariat would be fully operational.

These assumptions are adopted as at December 23, 2010.

3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to accurately forecast final results for the remainder of 2010-11 and for 2011-12, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing the future-oriented statement of operations, the Public Appointments Commission Secretariat has made estimates and assumptions concerning the future. These estimates and judgments may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and

Public Appointments Commission Secretariat Notes to Future-Oriented Financial Statements (Unaudited)

for the year ending March 31

other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Factors that could lead to material differences between the future-oriented statement of operations and the historical financial statement of operations include:

- a) Further changes to the operating budget through additional new initiatives or technical adjustments later in the year.

Once the Report on Plans and Priorities is presented, the Public Appointments Commission Secretariat will not be updating the forecasts for any changes to authorities or forecast financial information made in ensuing supplementary estimates. Variances will be explained in the Departmental Performance Report.

4. Summary of Significant Accounting Policies

The future-oriented statement of operations has been prepared in accordance with Treasury Board accounting policies stated below, which is based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

- a) **Parliamentary authorities** – The Public Appointments Commission Secretariat is financed by the Government of Canada through Parliamentary authorities. The cash accounting basis is used to recognize transactions affecting parliamentary authorities. The future-oriented financial statement of operations is based on accrual accounting. Consequently, items presented in the Future-oriented Statement of Operations are not necessarily the same as those provided through authorities from Parliament. Note 5 provides a reconciliation between the bases of reporting.
- b) **Net Cash Provided by Government** – The Public Appointments Commission Secretariat operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Public Appointments Commission Secretariat is deposited to the CRF and all cash disbursements made by the Public Appointments Commission Secretariat 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.

Public Appointments Commission Secretariat Notes to Future-Oriented Financial Statements (Unaudited)

for the year ending March 31

c) **Expenses** – are presented on an accrual basis:

Services provided without charge by other government departments for accommodation and the employer's contribution to the health and dental insurance plans are reported as operating expenses at their estimated cost.

d) **Employee future benefits**

- i. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government. The Public Appointments Commission Secretariat's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require the Public Appointments Commission Secretariat to make contributions for any actuarial deficiencies of the Plan.
- ii. Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. 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.

5. Parliamentary Authorities

The Public Appointments Commission Secretariat receives most of its funding through expenditure authorities provided by Parliament. Items recognized in the statement of operations in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Public Appointments Commission Secretariat 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 Appointments Commission Secretariat

Notes to Future-Oriented Financial Statements (Unaudited)

for the year ending March 31

a) Authorities requested

	Estimated Results 2011	Forecast 2012
	(in thousands of dollars)	
Authorities requested:		
Vote 25 – Program expenditures	945	945
Vote 25 – Operating Budget Carry Forward	47	0
Statutory amounts	119	126
Forecast authorities available	1,111	1,071

Forecast authorities requested for the year ending March 31, 2012 are the planned spending amounts presented in the 2011-2012 Report on Plans and Priorities. Estimated authorities requested for the year ending March 31, 2011 include amounts presented in the 2010-2011 Main Estimates and Supplementary Estimates (A) and (B), planned for presentation in Supplementary Estimates (C) and estimates of amounts to be allocated at year-end from Treasury Board Central votes.

b) Reconciliation of net cost of operations to requested authorities:

	Estimated Results 2011	Forecast 2012
	(in thousands of dollars)	
Net cost of operations	354	1,388
Adjustments for items affecting net cost of operations but not affecting authorities:		
Add (less):		
Services provided without charge by other government departments (Note 7)	(109)	(155)
Employee severance benefits	45	(162)
Forecast current year lapse	821	
Forecast authorities available	1,111	1,071

Public Appointments Commission Secretariat Notes to Future-Oriented Financial Statements (Unaudited)

for the year ending March 31

6. *Employee Benefits*

a) Pension benefits: The Public Appointments Commission Secretariat'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 department contribute to the cost of the Plan. The forecast expenses are \$0 in 2010-11 and \$112,864 in 2011-12, representing approximately 1.9 times the contributions of employees.

The Public Appointments Commission Secretariat'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 Public Appointments Commission Secretariat provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, estimated as the date of this statement of operations, is as follows:

	Estimated Results 2011	Forecast 2012
	(in thousands of dollars)	
Accrued benefits obligation, beginning of year	45	0
Expense for the year	(45)	162
Expected benefits payment during the year	0	0
Accrued benefits obligation, end of year	0	162

Public Appointments Commission Secretariat Notes to Future-Oriented Financial Statements (Unaudited)

for the year ending March 31

7. *Related Party Transactions*

The Public Appointments Commission Secretariat is related, as a result of common ownership, to all Government of Canada departments, agencies, and Crown corporations. The Public Appointments Commission Secretariat enters into transactions with these entities in the normal course of business and on normal trade terms. In addition, the Public Appointments Commission Secretariat has an agreement with Privy Council Office related to the provision of finance and administration services. During the year, the Public Appointments Commission Secretariat 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 Public Appointments Commission Secretariat is forecasted to receive without charge from certain other departments, accommodation, and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the Public Appointments Commissions Secretariat's future-oriented Statement of Operations as follows:

	Estimated Results 2011	Forecast 2012
	(in thousands of dollars)	
Accommodation	95	96
Employer's contribution to the health and dental insurance plans	14	59
Total	109	155

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all, without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada are not included as an expense in the Public Appointments Commission Secretariat's Statement of Operations.

Public Appointments Commission Secretariat Notes to Future-Oriented Financial Statements (Unaudited)

for the year ending March 31

(b) Other transactions with related parties:

	Estimated Results 2011	Forecast 2012
	(in thousands of dollars)	
Expenses – Other Government departments and agencies	216	205
Revenues – Other Government departments and agencies	0	0

8. *Segmented information*

Presentation by segment is based on the Public Appointments Commission Secretariat'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 4. The following table presents the expenses incurred generated for the main program activities, by major object of expenses. The segment results for the period are as follows:

(In thousands of dollars)	2011 Total	2012		
		Oversight of the Governor in Council appointments	Internal Services	Total
Expenses				
Salaries and employee benefits	208	985	146	1,131
Accommodation	95	0	96	96
Professional and special services	44	133	5	138
Acquisition of machinery & equipment	3	2	5	7
Rental	1	4	0	4
Utilities, materials and equipment	1	2	1	3
Transportation and telecommunication	1	1	2	3
Repairs and maintenance	1	5	0	5
Information	0	1	0	1
Other expenses	0	0	0	0
Net Cost of Operations	354	1,133	255	1,388