

**PUBLIC APPOINTMENTS COMMISSION
SECRETARIAT**

FUTURE-ORIENTED FINANCIAL STATEMENTS

FOR THE YEARS ENDING MARCH 31, 2012 AND MARCH 31, 2013

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

Statement of Management Responsibility

Departmental management is responsible for these future-oriented financial statements, including responsibility for the appropriateness of the assumptions on which these statements are prepared. These statements are based on the best information available and assumptions adopted as at January 31, 2012 and reflect the plans described in the Report on Plans and Priorities.

The Future Oriented Financial Statements for PACS are consistent with the 2012-13 Main Estimates. They do not take into account the recent announcement by the Government that the Public Appointments Commission (PAC) will not be constituted and that the Public Appointments Commission Secretariat (PACS) will not be continuing operations beyond fiscal year 2011-12.

The Deputy Executive Director retired in June 2011. In light of this departure, these future-oriented financial statements have been signed off by the Chief Financial Officer for the Privy Council Office. The Privy Council Office provides administrative support to the Public Appointments Commission Secretariat on an ongoing basis. The Chief Financial Officer of the Privy Council Office can attest to the forecasted financial information contained within these reports.

Michelle Doucet
Assistant Deputy Minister
Corporate Services Branch
Privy Council Office

Ottawa, Ontario
April 20, 2012

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

As at March 31

	Estimated Results 2012	Planned Results 2013
Assets		
	(in thousands of dollars)	
Financial assets		
Due from Consolidated Revenue Fund	-	10
Accounts receivable (Note 6)	110	1
Total financial assets	110	11
Liabilities and Equity of Canada		
Liabilities		
Due to Consolidated Revenue Fund	105	-
Accounts payable (Note 7)	4	11
Employee future benefits (Note 8)	0	51
Total liabilities	109	62
Equity of Canada	1	(51)
 Total	 110	 11

Information for the year ended March 31, 2012 includes actual amounts from April 1, 2011 to January 31, 2012. The information for the remainder of the fiscal year 2011-12 and for fiscal year 2012-13 is based on estimates.

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

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

For the year ending March 31

	Estimated Results 2012	Planned Results 2013
Expenses		
	(in thousands of dollars)	
Oversight of the Governor-in-Council appointments	121	1,094
Internal Services	153	180
Net Cost of Operations	274	1,274

Information for the year ended March 31, 2012 includes actual amounts from April 1, 2011 to January 31, 2012. The information for the remainder of the fiscal year 2011-12 and for fiscal year 2012-13 is based on estimates.

Segmented information (Note 10)

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

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

For the year ending March 31

	Estimated Results 2012	Planned Results 2013
	(in thousands of dollars)	
Equity of Canada, beginning of year	(1)	1
Net cost of operations	(274)	(1,274)
Net cash provided by Government	256	952
Change in due to/from the Consolidated Revenue Fund	(83)	115
Services provided without charge by other government departments (Note 9)	103	155
Equity of Canada, end of year	1	(51)

Information for the year ended March 31, 2012 includes actual amounts from April 1, 2011 to January 31, 2012. The information for the remainder of the fiscal year 2011-12 and for fiscal year 2012-13 is based on estimates.

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

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

For the year ending March 31

	Estimated Results 2012	Planned Results 2013
	(in thousands of dollars)	
Operating Activities		
Net cost of operations	274	1,274
Non-cash items:		
Services provided without charge by other government departments (Note 9)	(103)	(155)
Variations in Future-Oriented Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	16	(108)
(Increase) decrease in liabilities:		
Accounts payable	69	(8)
Future-employee benefits	-	(51)
	85	(167)
Cash used in operating activities	256	952
 Net cash provided by Government of Canada	 256	 952

Information for the year ended March 31, 2012 includes amounts from April 1, 2011 to January 31, 2012. The information for the remainder of the fiscal year 2011-12 and for fiscal year 2012-13 is based on estimates.

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

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. Methodology and significant assumptions

The future-oriented financial statements have 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 January 31, 2012.

3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to accurately forecast final results for the remainder of 2011-12 and for 2012-13, 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 financial statements, the Public Appointments Commission Secretariat has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions 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 financial statements and the historical financial statements include:

- a) Implementation of new collective agreements.
- b) 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 financial statements have been prepared in accordance with the Treasury Board accounting policies in effect for the 2011-2012 fiscal year. These accounting policies stated below, are 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. Financial reporting of authorities provided to the department do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items presented in the Future-Oriented Statement of Operations and the Future-Oriented Statement of Financial Position 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

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

For the year ending March 31

cash receipts and all cash disbursements including transactions between departments of the Government.

- c) **Amounts due from/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 Public Appointments Commission Secretariat is entitled to draw from the CRF without further parliamentary expenditure authorities to discharge its liabilities.

- d) **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.

- e) **Employee future benefits**

- i. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer 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.
- f) **Measurement uncertainty** – The preparation of these future-oriented financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses reported in the future-oriented financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. Actual results could significantly differ from those estimated.

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

For the year ending March 31

5. *Parliamentary Authorities*

The Public Appointments Commission Secretariat receives most of its funding through expenditure authorities provided by Parliament. 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, 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:

a) **Authorities requested**

	Estimated 2012	Planned 2013
	(in thousands of dollars)	
Authorities requested:		
Vote 25 – Program expenditures	945	945
Vote 25 – Operating Budget Carry Forward	47	-
Statutory amounts	125	123
Forecast authorities available	1,117	1,068

Authorities presented reflect current forecasts of statutory items, approved initiatives included and expected to be included in Estimates documents and, when reasonable estimates can be made, estimates of amounts to be allocated from Treasury Board central votes.

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

	Estimated 2012	Planned 2013
Net cost of operations	274	1,274
Adjustments for items affecting net cost of operations but not affecting authorities:		
Add (less):		
Services provided without charge by other government departments (Note 9)	(103)	(155)
Employee severance benefits	-	(51)
Forecast current year lapse	946	-
Forecast authorities available	1,117	1,068

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

For the year ending March 31

6. *Accounts receivable*

The following table presents details of the Public Appointments Commission Secretariat's accounts receivable balances:

	Estimated Results 2012	Planned Results 2013
	(in thousands of dollars)	
Receivables from other government departments and agencies	110	1
Total	110	1

7. *Accounts payable*

The following table presents details of the Public Appointments Commission Secretariat's accounts payable:

	Estimated Results 2012	Planned Results 2013
	(in thousands of dollars)	
Accounts payable to other government departments and agencies	4	-
Accounts payable to external parties	-	11
Total	4	11

8. *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 2011-12 and \$110,405 in 2012-13, 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.

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

For the year ending March 31

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 2012	Planned Results 2013
	(in thousands of dollars)	
Accrued benefits obligation, beginning of year	-	-
Expense for the year	-	51
Expected benefits payment during the year	-	-
Accrued benefits obligation, end of year	-	51

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

For the year ending March 31

9. 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 receives services without charge from certain common service organization, related to 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 2012	Planned Results 2013
	(in thousands of dollars)	
Accommodation	95	96
Employer's contribution to the health and dental insurance plans	8	59
Total	103	155

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The cost of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada is not included in the Public Appointments Commission Secretariat's Future-oriented 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 2012	Planned Results 2013
	(in thousands of dollars)	
Expenses – Other Government departments and agencies	145	905

10. 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)	2012 Total		2013	
		Oversight of the Governor in Council appointments	Internal Services	Total
Expenses				
Salaries and employee benefits	120	870	59	929
Professional and special services	59	196	25	221
Accommodation	95	-	96	96
Acquisition of machinery & equipment	-	9	-	9
Rental	-	8	-	8
Utilities, materials and equipment	-	3	-	3
Transportation and telecommunication	-	2	-	2
Repairs and maintenance	-	5	-	5
Information	-	1	-	1
Net Cost of Operations	274	1,094	180	1,274