

Privy Council Office

Quarterly Financial Report

Statement outlining results, risks and significant changes in operations, personnel and programs

For the quarter ended June 30, 2017

Table of Contents

- Introduction
- Mandate
- Basis of presentation
- Highlights of fiscal quarter and fiscal year to date results
 - Significant changes to authorities
 - Significant changes to expenditures
- Risks and uncertainties
- Significant changes in relation to operations, personnel and programs
- Approval by senior officials
- Appendix

Introduction

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 Directive on Accounting Standards, GC 4400 Departmental Quarterly Financial Report. This quarterly financial report should be read in conjunction with the *Main Estimates* and previous Quarterly Financial Reports.

A summary description of the Privy Council Office (PCO) programs can be found 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>.

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

Mandate

PCO supports the development and implementation of the Government of Canada's policy and legislative agendas, coordinates responses to issues facing the Government and the country, and supports the effective operation of Cabinet. PCO is led by the Clerk of the Privy Council, who also serves as Secretary to the Cabinet and the Head of the Public Service.

PCO serves Canada and Canadians by providing advice and support to the Prime Minister, portfolio ministers, and Cabinet.

PCO has three main roles:

1. Provide professional non-partisan advice to the Prime Minister, portfolio ministers, Cabinet and Cabinet committees on matters of national and international importance.
2. Support the smooth functioning of the Cabinet decision-making process and facilitate the implementation of the Government's agenda.
3. Foster a high-performing and accountable Public Service.

Privy Council Office

Quarterly Financial Report

Statement outlining results, risks and significant changes in operations, personnel and programs

For the quarter ended June 30, 2017

Basis of presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes PCO's spending authorities granted by Parliament and those used by the department, consistent with the 2017-18 *Main Estimates* and *Supplementary Estimates (A)* for the same 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 appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

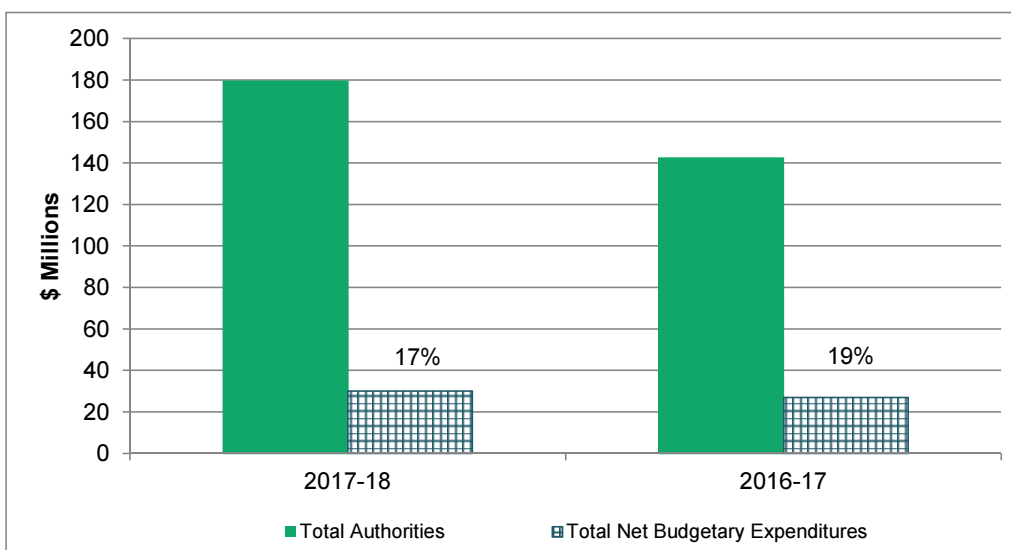
PCO uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

Highlights of fiscal quarter and fiscal year to date results

This section highlights the significant items that contributed to the net increase or decrease in authorities available for the year and actual expenditures for the quarter ended June 30, 2017.

PCO spent approximately 17% of its authorities by the end of the first quarter, compared to 19% in the same quarter of 2016-17 (see graph 1 below).

Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q1 2017-2018 and 2016-2017



Privy Council Office

Quarterly Financial Report

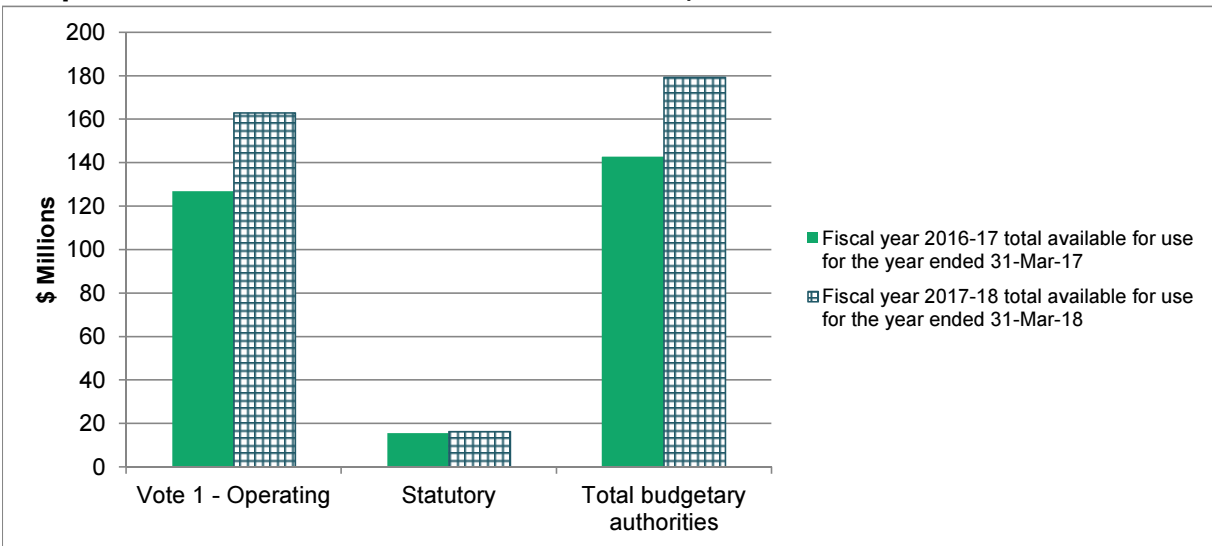
Statement outlining results, risks and significant changes in operations, personnel and programs

For the quarter ended June 30, 2017

Significant changes to authorities

As per graph 2 below as at June 30, 2017 and Table 1, presented at the end of this document, PCO has authorities available for use of \$179.3 million in 2017-18 compared to \$142.4 million as of June 30, 2016, for a net increase of \$36.9 million or 26%.

Graph 2: Variance in Authorities as at June 30, 2017



The increase of \$36.9 million in authorities in 2017-18 compared to 2016-17 is mainly related to an increase of \$38.4 million for:

- \$33.1 million for the National Inquiry into Missing and Murdered Indigenous Women and Girls;
- \$4.6 million related to Budget 2016 initiatives to enhance PCO's capacity and strengthen its security; and
- \$0.7 million related to employee benefit plans in accordance with Treasury Board Secretariat (TBS) guidelines.

This increase is partially offset by a decrease of \$1.4 million for:

- \$0.8 million related to temporary initiatives due to the winding down of activities for the Beyond the Border Action Plan and the Office of the Special Advisor on Human Smuggling; and
- \$0.6 million for the implementation of the government-wide initiative to reduce spending in professional services, travel and government advertising.

Significant changes to expenditures

Year-to-date expenditures recorded to the end of the first quarter increased by \$3.0 million, or 11%, from previous year at the same time (from \$27.0 million for 2016-17 to \$30.0 million for 2017-18). Table 1 below presents budgetary expenditures by standard object.

Privy Council Office

Quarterly Financial Report

Statement outlining results, risks and significant changes in operations, personnel and programs

For the quarter ended June 30, 2017

Material Variances to Expenditures by Standard Object	Fiscal year 2017-18 Expended during the quarter ended 30-June-2017	Fiscal year 2016-17 Expended during the quarter ended 30-June-2016	Variance \$	Variance %
(in thousands of dollars)				
Personnel	24,285	21,738	2,547	12%
Transportation and communications	857	677	180	27%
Information	403	374	29	8%
Professional and special services	2,846	2,683	163	6%
Rentals	527	717	(190)	(26%)
Repair and maintenance	31	24	7	29%
Utilities, materials and supplies	73	77	(4)	(5%)
Acquisition of machinery and equipment	516	212	304	143%
Other subsidies and payments	480	534	(54)	(10%)
Total gross budgetary expenditures	30,017	27,036	2,981	11%

Personnel

The overall increase of \$2.5 million in personnel spending is related to Budget 2016 initiatives to enhance PCO capacity and strengthen security, and spending for the National Inquiry into Missing and Murdered Indigenous Women and Girls. These increases are partially offset by a decrease in contributions to Employee Benefit Plans in accordance with TBS guidelines.

Acquisition of machinery and equipment

The increase of \$0.3 million is mainly for the acquisition of computer equipment related to the modernization of PCO's information technology infrastructure.

Risks and uncertainties

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 reflects the results of the current fiscal period in relation to the *2017-18 Main Estimates* and *2017-18 Supplementary Estimates (A)* (full supply for these Estimates were released on June 23, 2017).

Significant changes in relation to operations, personnel and programs

Operations

PCO's current operating environment continues to change as it adapts to the priorities of this government's mandate. Budget 2017 announced the creation of two new secretariats within PCO to support the work of the Special Advisor on LGBTQ2 (Lesbian, Gay, Bisexual, Transgender, Queer, Two-spirited) issues and the Working Group on the Review of Laws and Policies related to Indigenous Peoples.

Privy Council Office

Quarterly Financial Report

Statement outlining results, risks and significant changes in operations,
personnel and programs

For the quarter ended June 30, 2017

Personnel

Andrea Lyon became the Deputy Clerk of the Privy Council and Associate Secretary to the Cabinet in May 2017.

Programs

In August 2016, the government announced the National Inquiry into Missing and Murdered Indigenous Women and Girls. Activities related to this initiative continue to be implemented in the current fiscal year.

Approval by senior officials: (original signed by)

Original signed by _____

Michael Wernick

Clerk of the Privy Council and
Secretary to the Cabinet

Original signed by _____

Kami Ramcharan

Assistant Deputy Minister and
Chief Financial Officer
Corporate Services Branch

Ottawa, Canada

August 29, 2017

Privy Council Office

Quarterly Financial Report

For the quarter ended June 30, 2017

STATEMENT OF AUTHORITIES *(unaudited) (note 2)*

	Fiscal year 2017-2018			Fiscal year 2016-2017		
	Total available for use for the year ending March 31, 2018 (note 1)	Used during the quarter ended June 30, 2017	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2017 (note 1)	Used during the quarter ended June 30, 2016	Year-to-date used at quarter-end
<i>(In thousands of dollars)</i>						
Vote 1 - Net operating expenditures	163,047	27,531	27,531	126,842	23,358	23,358
Budgetary statutory authorities						
Contributions to employee benefits plans	15,904	2,436	2,436	15,202	3,650	3,650
Prime Minister - Salary and motor car allowance	174	44	44	172	14	14
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	-	-	-	-	-	-
Leader of the Government in the House of Commons - Salary and motor car allowance	84	-	-	84	7	7
Minister of Democratic Institutions - Salary and motor car allowance	84	7	7	84	7	7
Minister of State (Democratic Reform) - Motor car allowance	-	-	-	-	-	-
Minister of State and Chief Government Whip - Motor car allowance	-	-	-	-	-	-
Spending of proceeds from the disposal of surplus Crown assets	34	-	-	14	-	-
Total budgetary authorities	179,329	30,017	30,017	142,397	27,036	27,036
TOTAL AUTHORITIES	179,329	30,017	30,017	142,397	27,036	27,036

Note 1: Includes only Authorities available for use and granted by Parliament at quarter-end for each respective fiscal year.

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

Privy Council Office

Quarterly Financial Report

For the quarter ended June 30, 2017

Departmental budgetary expenditures by Standard Object *(unaudited) (note 2)*

(In thousands of dollars)

	Fiscal year 2017-2018			Fiscal year 2016-2017		
	Planned expenditures for the year ending March 31, 2018 (note 1)	Expended during the quarter ended June 30, 2017	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2017 (note 1)	Expended during the quarter ended June 30, 2016	Year-to-date used at quarter-end
Expenditures						
Personnel	115,784	24,285	24,285	101,876	21,738	21,738
Transportation and communications	11,626	857	857	3,891	677	677
Information	7,148	403	403	4,233	374	374
Professional and special services	26,949	2,846	2,846	24,792	2,683	2,683
Rentals	3,210	527	527	1,239	717	717
Repair and maintenance	5,257	31	31	1,000	24	24
Utilities, materials and supplies	583	73	73	689	77	77
Acquisition of machinery and equipment	4,302	516	516	4,832	212	212
Transfer payments	4,500	-	-	-	-	-
Other subsidies and payments	44	480	480	(79)	534	534
Total gross budgetary expenditures	179,404	30,017	30,017	142,473	27,036	27,036
Less revenues netted against expenditures						
Revenues	(75)	-	-	(75)	-	-
Total revenues netted against expenditures	(75)	-	-	(75)	-	-
TOTAL BUDGETARY EXPENDITURES	179,329	30,017	30,017	142,397	27,036	27,036

Note 1: Includes only Authorities available for use and granted by Parliament at quarter-end for each respective fiscal year.

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