

# Privy Council Office

## Quarterly Financial Report

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

For the quarter ended September 30, 2017

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### 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 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

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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.

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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 PCO's spending authorities granted by Parliament and those used by the department, consistent with the 2017-18 *Main Estimates, Supplementary Estimates (A) and TB Central Votes* 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.

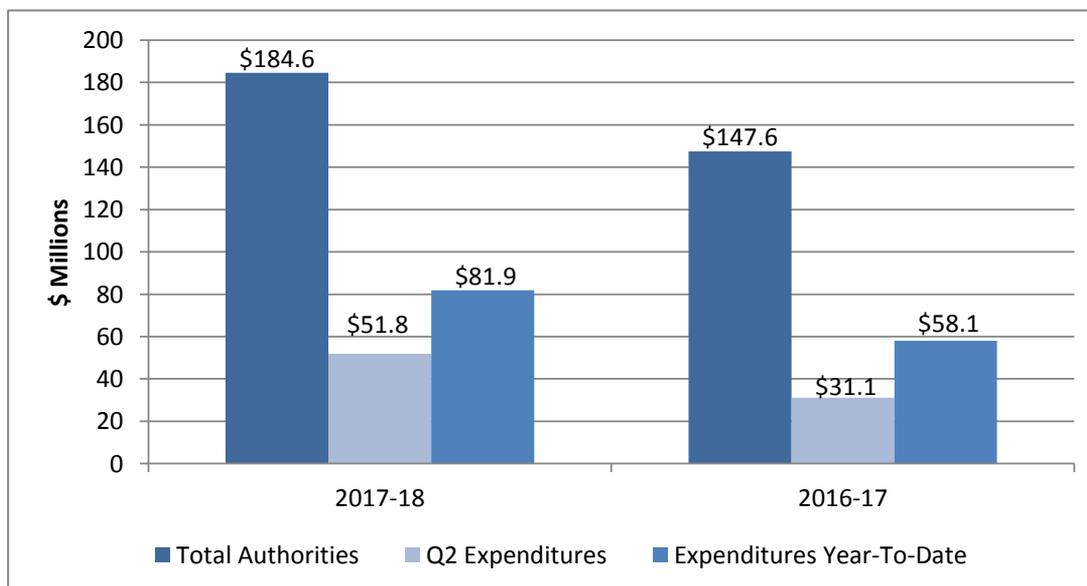
### Highlights of fiscal quarter and fiscal year to date results

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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 September 30, 2017.

PCO spent approximately 44% of its authorities by the end of the second quarter, compared to 39% in the same quarter of 2016-17 (see graph 1 below).

**Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q2 2017-2018 and 2016-2017**



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## Quarterly Financial Report

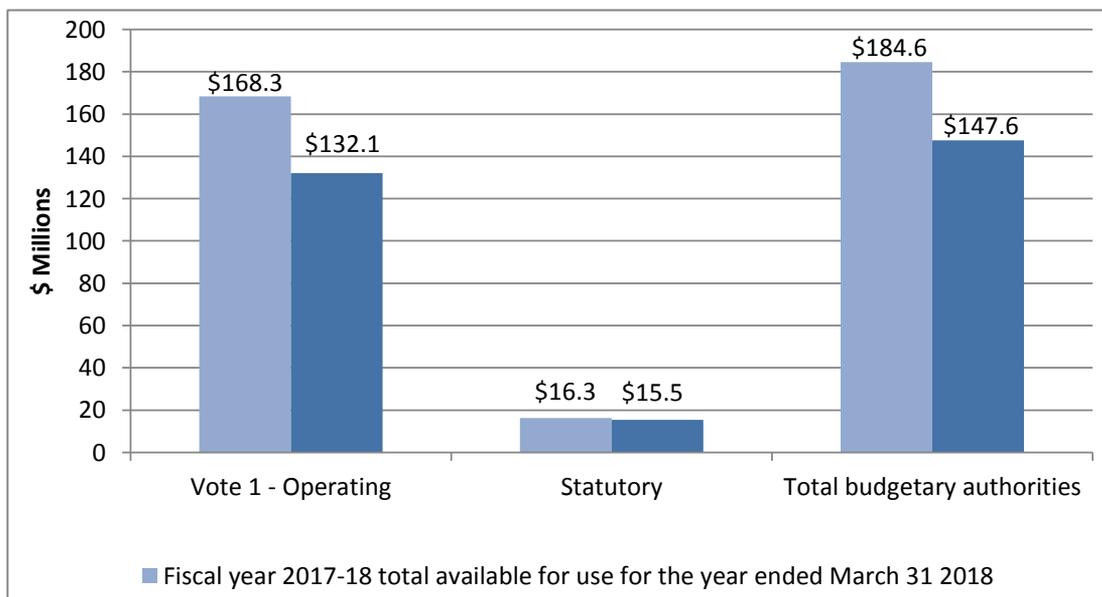
Statement outlining results, risks and significant changes in operations, personnel and programs

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### Significant changes to authorities

As per graph 2 below as at September 30, 2017 and Table 2, presented at the end of this document, PCO has authorities available for use of \$184.6 million in 2017-18 compared to \$147.6 million as of September 30, 2016, for a net increase of \$37 million or 25%.

**Graph 2: Variance in Authorities as at September 30, 2017**



The increase of \$37.0 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.

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### Significant changes to quarter expenditures

The second quarter expenditures recorded to the end of the second quarter increased by \$20.8 million, or 67%, from previous year at the same time (from \$31.1 million for 2016-17 to \$51.8 million for 2017-18). Table 1 below presents budgetary expenditures by standard object.

**Table 1**

<b>Material Variances to Expenditures by Standard Object</b>	<b>Fiscal year 2017-18 Expended during the quarter ended 30-Sept-2017</b>	<b>Fiscal year 2016-17 Expended during the quarter ended 30-Sept-2016</b>	<b>Variance \$</b>	<b>Variance %</b>
(in thousands of dollars)				
Personnel	35,149	24,223	10,926	45%
Transportation and communications	1,402	1,016	386	38%
Information	607	361	246	68%
Professional and special services	11,893	3,278	8,615	263%
Rentals	323	147	176	120%
Repair and maintenance	1,003	932	71	8%
Utilities, materials and supplies	252	97	155	160%
Acquisition of machinery and equipment	644	835	(191)	(23%)
Transfer payments	23	0	23	-
Other subsidies and payments	547	173	374	216%
<b>Total gross budgetary expenditures *</b>	<b>51,843</b>	<b>31,062</b>	<b>20,781</b>	<b>67%</b>

\* Details may not add to totals due to rounding

#### *Personnel*

The overall increase of \$10.9 million in personnel spending is related to Budget 2016 initiatives to enhance PCO capacity and strengthen security, spending for the National Inquiry into Missing and Murdered Indigenous Women and Girls, and an increase in contributions to Employee Benefit Plans.

#### *Professional and special services*

The increase of \$8.6 million is mainly due to spending related to the modernization of PCO's information technology infrastructure related to Budget 2016 initiatives.

#### *Transfer Payments*

The increase of \$23K in transfer payments is due to spending for the activities of the National Inquiry into Missing and Murdered Indigenous Women and Girls.

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### Significant changes to year-to-date expenditures

Year-to-date expenditures recorded to the end of the second quarter increased by \$23.8 million, or 41%, from previous year at the same time (from \$58.1 million for 2016-17 to \$81.9 million for 2017-18). Table 2 below presents budgetary expenditures by standard object.

**Table 2**

<b>Material Variances to Expenditures by Standard Object</b>	<b>YTD Expenditures as of Sept 30 2017</b>	<b>YTD Expenditures as of Sept 30 2016</b>	<b>Variance \$</b>	<b>Variance %</b>
(in thousands of dollars)				
Personnel	59,434	45,961	13,473	29%
Transportation and communications	2,259	1,692	567	34%
Information	1,011	735	276	38%
Professional and special services	14,739	5,961	8,778	147%
Rentals	850	864	(14)	(2%)
Repair and maintenance	1,033	956	77	8%
Utilities, materials and supplies	324	174	150	86%
Acquisition of machinery and equipment	1,160	1,047	113	11%
Transfer payments	23	0	23	0%
Other subsidies and payments	1,027	707	320	45%
<b>Total gross budgetary expenditures *</b>	<b>81,860</b>	<b>58,098</b>	<b>23,762</b>	<b>41%</b>

\* Details may not add to totals due to rounding

#### *Personnel*

The overall increase of \$13.5 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.

#### *Professional and special services*

The increase of \$8.8 million is due to spending related to the modernization of PCO's information technology infrastructure related to Budget 2016 initiatives.

### Risks and uncertainties

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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, Supplementary Estimates (A) and TB Central Votes* for the same year.

PCO is closely monitoring pay transactions to identify and address over and under payments in a timely manner and continues to apply ongoing mitigating controls which were implemented in 2016.

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### Significant changes in relation to operations, personnel and programs

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#### 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. It also announced the creation of a center of expertise within PCO under the Impact Canada Initiative which mandate is to test and encourage non-traditional partnership & projects to enable greater innovation.

#### 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)

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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  
November 29, 2017*

# Privy Council Office

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### 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 September 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 September 30, 2016	Year-to-date used at quarter-end
<i>(In thousands of dollars)</i>						
<b>Vote 1 - Net operating expenditures</b>	<b>168,338</b>	<b>44,455</b>	<b>71,986</b>	132,069	27,299	50,658
<b>Budgetary statutory authorities</b>						
Contributions to employee benefits plans	15,904	7,308	9,744	15,202	3,650	7,299
Prime Minister - Salary and motor car allowance	174	44	87	172	57	72
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	28	35
Minister of Democratic Institutions - Salary and motor car allowance	84	35	42	84	28	35
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	-	-	15	-	-
<b>Total budgetary authorities</b>	<b>184,620</b>	<b>51,843</b>	<b>81,860</b>	147,625	31,062	58,098
<b>TOTAL AUTHORITIES</b>	<b>184,620</b>	<b>51,843</b>	<b>81,860</b>	147,625	31,062	58,098

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

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### 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 September 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 2016	Year-to-date used at quarter-end
<b>Expenditures</b>						
Personnel	120,168	35,149	59,434	102,930	24,223	45,961
Transportation and communications	11,887	1,402	2,259	4,173	1,016	1,692
Information	7,148	607	1,011	4,233	361	735
Professional and special services	27,587	11,893	14,739	27,276	3,278	5,961
Rentals	3,215	323	850	1,244	147	864
Repair and maintenance	5,257	1,003	1,033	2,400	932	956
Utilities, materials and supplies	586	252	324	690	97	174
Acquisition of machinery and equipment	4,302	644	1,160	4,833	835	1,047
Transfer payments	4,500	23	23	-	-	-
Other subsidies and payments	44	547	1,027	(79)	173	707
<b>Total gross budgetary expenditures</b>	<b>184,695</b>	<b>51,843</b>	<b>81,860</b>	<b>147,701</b>	<b>31,062</b>	<b>58,098</b>
<b>Less revenues netted against expenditures</b>						
Revenues	(75)	-	-	(75)	-	-
<b>Total revenues netted against expenditures</b>	<b>(75)</b>	<b>-</b>	<b>-</b>	<b>(75)</b>	<b>-</b>	<b>-</b>
<b>TOTAL BUDGETARY EXPENDITURES</b>	<b>184,620</b>	<b>51,843</b>	<b>81,860</b>	<b>147,625</b>	<b>31,062</b>	<b>58,098</b>

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