

# PRIVY COUNCIL OFFICE

FUTURE-ORIENTED STATEMENT OF OPERATIONS

FOR THE YEARS ENDING MARCH 31, 2019 AND MARCH 31, 2020

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**Privy Council Office**  
**Future-Oriented Statement of Operations**  
**(unaudited)**

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for the year ending March 31

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**Statement of Management Responsibility**

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Management is responsible for the Future-Oriented Statement of Operations, including responsibility for the appropriateness of the assumptions on which this statement is prepared. This statement is based on the best information available and on assumptions adopted as at September 30, 2018 and reflects the plans described in the Departmental Plan.

This statement has not been subject to an external audit.

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Michael Wernick  
Clerk of the Privy Council and  
Secretary to the Cabinet

Ottawa, Canada

Signed date: \_\_\_\_\_

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Matthew Shea  
Chief Financial Officer

Ottawa, Canada

Signed date: \_\_\_\_\_

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**Privy Council Office**  
**Future-Oriented Statement of Operations**  
**(unaudited)**

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for the year ending March 31  
(in thousands of dollars)

	Forecast Results 2018-19	Planned Results 2019-20
<b>Expenses</b>		
Serve the Prime Minister and Cabinet	106,650	91,762
Internal Services	148,878	106,151
<b>Total expenses</b>	<b>255,528</b>	<b>197,913</b>
<b>Revenues</b>		
Miscellaneous revenues	13	48
Internal services support	1,085	1,755
Revenues earned on behalf of government	(3)	(3)
<b>Total revenues</b>	<b>1,095</b>	<b>1,800</b>
<b>Net cost of operations before government funding and transfers</b>	<b>254,433</b>	<b>196,113</b>

The accompanying notes form an integral part of this Future-Oriented Statement of Operations.

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# Privy Council Office

## Notes to the Future-Oriented Statement of Operations

### (Unaudited)

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For the year ending March 31

#### 1. Methodology and significant assumptions

The Future-Oriented Statement of Operations has been prepared on the basis of government priorities and departmental plans as described in the Departmental Plan.

The information in the forecast results for fiscal year 2018–19 is based on actual results as at September 30, 2018 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2019-20.

The main assumptions underlying the forecasts are as follows:

- The Privy Council Office (PCO) activities will change and is mostly explained by a decrease in funding related to the National Inquiry into Missing and Murdered Indigenous Women and Girls;
- Expenses and revenues, including the determination of amounts internal and external to the government, are based on past experience. The general historical pattern is expected to continue.

These assumptions are made as at September 30, 2018.

#### 2. Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of 2018-19 and for 2019-20, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing this Future-Oriented Statement of Operations, PCO has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical statement of operations include:

- the timing and the amount of acquisitions and disposals of equipment, which may affect gains, losses and amortization expense;
- the implementation of new collective agreements; and
- other changes to the operating budget, such as new initiatives or technical adjustments later in the fiscal year.

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# Privy Council Office

## Notes to the Future-Oriented Statement of Operations (unaudited)

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for the year ending March 31

After the Departmental Plan is tabled in Parliament, PCO will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates. Variances will be explained in the Departmental Results Report.

### 3. Summary of significant accounting policies

The Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for fiscal year 2018–19 and is based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

#### (a) Expenses

PCO records expenses on an accrual basis.

Transfer payments are recorded as expenses in the year the transfer is authorized and all eligibility criteria have been met by the recipient.

Other expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets or liabilities, such as provisions for bad debts, as well as utilization of inventories and prepaid expenses, and other are also included in other expenses.

#### (b) Revenues

Miscellaneous revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

Revenues that are non-respendable are not available to discharge PCO's liabilities. Although the Clerk of the Privy Council and Secretary to the Cabinet is expected to maintain accounting control, he has no authority over the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of PCO's gross revenues.

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## Privy Council Office

### Notes to the Future-Oriented Statement of Operations

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for the year ending March 31

#### 4. Parliamentary authorities

The department is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the department differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. 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 department has different net costs 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) Reconciliation of net cost of operations to requested authorities (in thousands of dollars)

	Forecast Results 2018-19	Planned Results 2019-20
Net cost of operations before government funding and transfers	254,433	196,113
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(1,867)	(1,940)
Gain (loss) on disposal of tangible capital assets	10	45
Services provided without charge by other government departments	(20,055)	(19,846)
(Increase) Decrease in vacation pay and compensatory leave	(2,545)	389
Increase in employee future benefits	(255)	(100)
Refund of prior years' expenditures	350	385
Bad debt expense	10	-
Total items affecting net cost of operations but not affecting authorities	(24,352)	(21,067)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	1,129	4,289
Increase (Decrease) in inventory	(132)	-
Increase (Decrease) in prepaid expenses	(137)	59
Total items not affecting net cost of operations but affecting authorities	860	4,348
Requested authorities	230,941	179,394

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# Privy Council Office

## Notes to the Future-Oriented Statement of Operations

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for the year ending March 31

**b) Authorities requested (in thousands of dollars)**

	Forecast Results 2018-19	Planned Results 2019-20
<b>Authorities requested:</b>		
Vote 1: operating expenditures	213,832	161,141
Statutory amounts	17,109	18,253
<b>Total authorities requested</b>	<b>230,941</b>	<b>179,394</b>