

Privy Council Office

Quarterly Financial Report

Statement outlining results, risks and significant changes in operations, personnel and programs
For the quarter ended December 31, 2019

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
- Annex A & B

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. For more information on PCO, 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 December 31, 2019

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 2019-20 *Main Estimates*. This quarterly report has been prepared using a special purpose financial reporting framework (expenditure 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.

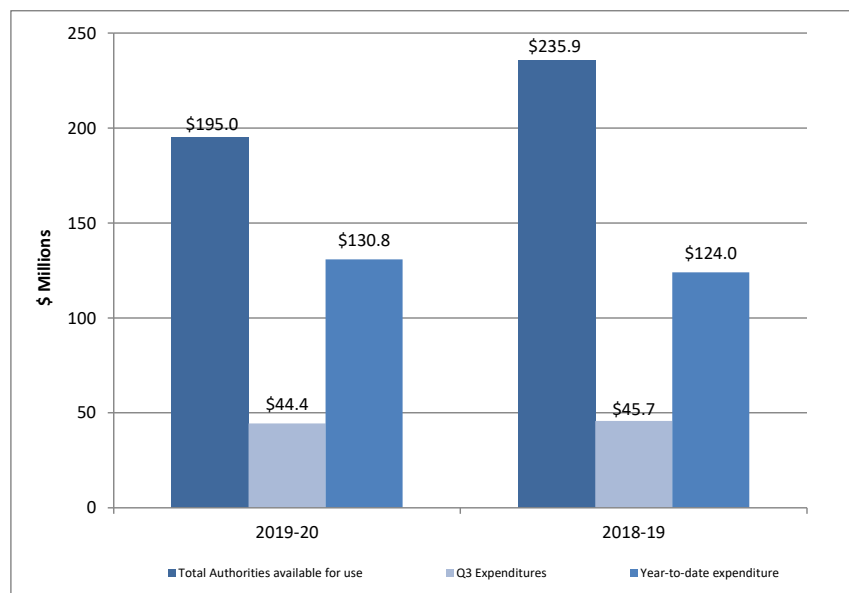
PCO uses the full accrual method of accounting to prepare and present its annual departmental financial statements ¹ that are part of the departmental performance reporting process. The spending authorities voted by Parliament remain on an expenditure basis.

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 December 31, 2019.

PCO spent approximately 67% of its authorities available for use by the end of the third quarter, compared to 53% in the same quarter of 2018-19 (see graph 1 below).

Graph 1: Comparison of Total Authorities Available For Use and Total Net Budgetary Expenditures as of Q3 2019-2020 and 2018-2019



¹ The notes to the annual departmental financial statements include a reconciliation between full accrual results and spending authorities.

Privy Council Office

Quarterly Financial Report

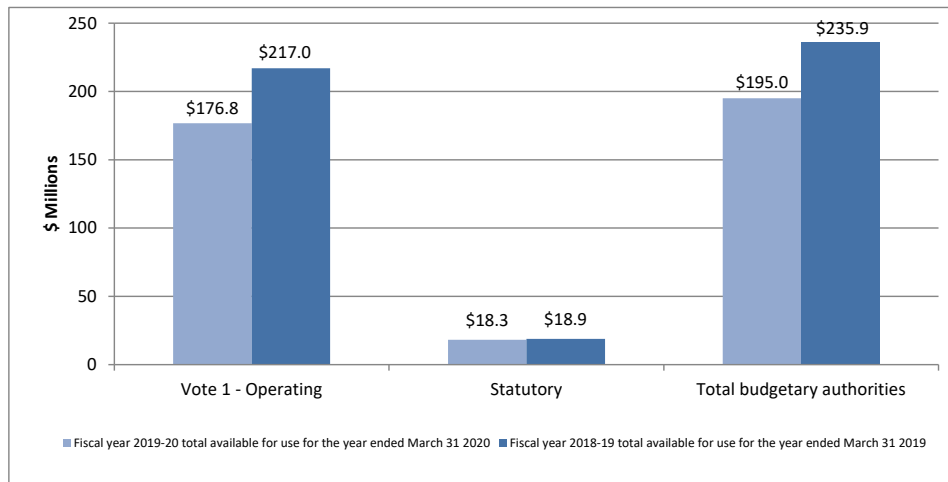
Statement outlining results, risks and significant changes in operations, personnel and programs

For the quarter ended December 31, 2019

Significant changes to authorities

As per graph 2 below as at December 31, 2019 and Annex A, presented at the end of this document, PCO has authorities available for use of \$195.0 million in 2019-20 compared to \$235.9 million as of December 31, 2018, for a net decrease of \$40.9 million or 17%.

Graph 2: Variance in Authorities as at December 31, 2019



* Details may not add to totals due to rounding

The net decrease in authorities of \$40.9 million is mainly explained by:

Authorities Increase:

- PCO received additional funding to support the establishment of the Office of the Minister of Intergovernmental Affairs, Northern Affairs, and Internal Trade and to address increasing costs for existing Minister's Offices and corresponding departmental support to deliver on an expanded mandate, and to bolster support for an open and transparent government, management and oversight of the Governor in Council appointments process, the implementation of PCO's digital workplace initiatives and to undertake the Secure Communications for National Leadership Initiative.

Authorities Decrease:

- Increased authorities are offset by decreases related to the National Inquiry into Missing and Murdered Indigenous Women and Girls, PCO's information technology modernization project, a reduction to funding provided for collective bargaining adjustments due to lower retroactive salary payments, reduced funds brought forward through the Operating Budget Carry Forward in 2019-20, and a reduction in funding for the transfer of the LGBTQ2 and Youth Secretariats to Canadian Heritage.

Privy Council Office

Quarterly Financial Report

Statement outlining results, risks and significant changes in operations, personnel and programs
For the quarter ended December 31, 2019

Significant changes to quarter expenditures

The third quarter expenditures totaled \$44.4 million for a net decrease of \$1.3 million (3%) when compared to \$45.7 million spent during the same period in 2018-19. Table 1 below presents budgetary expenditures by standard object.

Table 1

Material Variances to Expenditures by Standard Object	Fiscal year 2019-20 Expended during the quarter ended 31-December-2019	Fiscal year 2018-19 Expended during the quarter ended 31-December-2018	Variance \$	Variance %
(in thousands of dollars)				
Personnel	33,524	33,763	(239)	(1%)
Transportation and communications	977	1,801	(824)	(46%)
Information	1,979	862	1,117	130%
Professional and special services	5,854	6,617	(763)	(12%)
Rentals	186	431	(245)	(57%)
Repair and maintenance	1,606	240	1,366	569%
Utilities, materials and supplies	225	236	(11)	(5%)
Acquisition of machinery and equipment	467	317	150	47%
Transfer payments	251	1,262	(1,011)	(80%)
Other subsidies and payments	(244)	169	(413)	(244%)
Total gross budgetary expenditures *	44,825	45,698	(873)	(2%)
Less revenues netted against expenditures	(418)	0	(418)	0%
Total budgetary expenditures	44,408	45,698	(1,290)	(3%)

* Details may not add to totals due to rounding

Transportation and Communications

The decrease of \$0.8 million is mainly attributed to the completion of the National Inquiry into Missing and Murdered Indigenous Women and Girls in 2019-20.

Information

The increase of \$1.1 million is mainly attributed to communication professional services contracts to support the National Inquiry into Missing and Murdered Indigenous Women and Girls, as they closed out activities.

Rentals

The decrease of \$0.2 million is mainly due to timing differences for the payment of invoices to support the National Inquiry into Missing and Murdered Indigenous Women and Girls and less spending for rental of meeting rooms.

Repairs and Maintenance

The increase of \$1.4 million is primarily related to the variable nature of accommodation related projects.

Acquisition of machinery and equipment

The increase is mainly related to new purchase of hardware and more expenditures for image video equipment as compared to 2018-19; offset by a reduction primarily in expenditures for computer equipment as compared to 2018-19.

Transfer Payments

Transfer payments have decreased by \$1.0 million as the National Inquiry into Missing and Murdered Indigenous Women and Girls completed its core activities in 2019-20.

Other subsidies and payments

The decrease is mainly related to the timing of the recoveries of accounts receivables and the internal reallocation of expenditures.

Privy Council Office Quarterly Financial Report

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

For the quarter ended December 31, 2019

Significant changes to year-to-date expenditures

The year-to-date expenditures totaled \$130.8 million for a net increase of \$6.7 million (5%) when compared to \$124.0 million spent during the same period in 2018-19. Table 2 below presents budgetary expenditures by standard object.

Table 2

Material Variances to Expenditures by Standard Object (in thousands of dollars)	YTD Expenditures as of December 31 2019	YTD Expenditures as of December 31 2018	Variance \$	Variance %
Personnel	98,530	94,129	4,401	5%
Transportation and communications	3,722	4,456	(734)	(16%)
Information	6,656	2,339	4,317	185%
Professional and special services	14,505	16,021	(1,516)	(9%)
Rentals	1,493	1,237	256	21%
Repair and maintenance	1,814	340	1,474	434%
Utilities, materials and supplies	709	575	134	23%
Acquisition of machinery and equipment	1,786	2,087	(301)	(14%)
Transfer payments	1,390	2,081	(691)	(33%)
Other subsidies and payments	624	764	(140)	(18%)
Total gross budgetary expenditures *	131,229	124,029	7,200	6%
Less revenues netted against expenditures	(464)	0	(464)	0%
Total budgetary expenditures	130,765	124,029	6,736	5%

* Details may not add to totals due to rounding

Personnel

The overall increase of \$4.4 million in personnel spending is mainly due to a combination of additional staff required to deliver on an expanded departmental mandate, the timing of salary recoveries from other government departments and an increase to contributions to Employee Benefit Plans.

Information

The increase of \$4.3 million is mainly attributed to communication professional services contracts to support the National Inquiry into Missing and Murdered Indigenous Women and Girls, as they closed out activities.

Repairs and Maintenance

The increase of \$1.5 million is primarily related to the variable nature of accommodation related projects.

Transfer payments

Transfer payments have decreased by \$0.7 million as the National Inquiry into Missing and Murdered Indigenous Women and Girls completed its core activities in 2019-20.

Privy Council Office Quarterly Financial Report

**Statement outlining results, risks and significant changes in operations, personnel and programs
For the quarter ended December 31, 2019**

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.

PCO provides administrative and financial support to the National Inquiry into Missing and Murdered Indigenous Women and Girls. There are limitations to financial oversight due to the arms length relationship between PCO and the National Inquiry; however, financial obligations ultimately remain the responsibility of PCO.

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.

Significant changes in relation to operations, personnel and programs

Operations and Programs

Effective November 20, 2019, the Privy Council Office has transferred control and supervision of the Youth and LGBTQ2 Secretariats to the Department of Canadian Heritage.

Approval by senior officials:

Ian Shugart
Clerk of the Privy Council and
Secretary to the Cabinet

Matthew Shea
Assistant Deputy Minister,
Corporate Services Branch and
Chief Financial Officer

*Ottawa, Canada
Tuesday, February 18, 2020*

Privy Council Office

Quarterly Financial Report

For the quarter ended December 31, 2019

ANNEX A

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

	Fiscal year 2019-2020			Fiscal year 2018-2019		
	Total available for use for the year ending March 31, 2020 (note 1)	Used during the quarter ended December 31, 2019	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2019 (note 1)	Used during the quarter ended December 31, 2018	Year-to-date used at quarter-end
<i>(In thousands of dollars)</i>						
Vote 1 - Net operating expenditures	176,769	39,813	117,090	216,981	41,682	112,018
Budgetary statutory authorities						
Contributions to employee benefits plans	17,809	4,498	13,356	18,457	3,932	11,795
Prime Minister - Salary and motor car allowance	181	45	136	178	44	133
Leader of the Government in the House of Commons - Salary and motor car allowance	88	15	58	86	-	-
Minister of Democratic Institutions - Salary and motor car allowance	88	15	58	86	22	65
President of the Queen's Privy Council for Canada - Salary and motor car allowance	88	22	66	86	18	18
Spending of proceeds from the disposal of surplus Crown assets	-	-	-	6	-	-
Total budgetary authorities	195,022	44,408	130,765	235,880	45,698	124,029
TOTAL AUTHORITIES	195,022	44,408	130,765	235,880	45,698	124,029

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

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

Privy Council Office

ANNEX B

Quarterly Financial Report

For the quarter ended December 31, 2019

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

(In thousands of dollars)

	Fiscal year 2019-2020			Fiscal year 2018-2019		
	Planned expenditures for the year ending March 31, 2020 (note 1)	Expended during the quarter ended December 31, 2019	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2019 (note 1)	Expended during the quarter ended December 31, 2018	Year-to-date used at quarter-end
Budgetary expenditures						
Personnel	139,977	33,524	98,530	138,802	33,763	94,129
Transportation and communications	3,666	977	3,722	13,986	1,801	4,456
Information	7,586	1,979	6,656	9,652	862	2,339
Professional and special services	37,605	5,854	14,505	48,293	6,617	16,021
Rentals	1,018	186	1,493	2,789	431	1,237
Repair and maintenance	1,177	1,606	1,814	2,091	240	340
Utilities, materials and supplies	539	225	709	660	236	575
Acquisition of machinery and equipment	1,885	467	1,786	4,785	317	2,087
Transfer payments	2,900	251	1,390	15,400	1,262	2,081
Other subsidies and payments	979	(244)	624	507	169	764
Total gross budgetary expenditures	197,332	44,825	131,229	236,964	45,698	124,029
Less revenues netted against expenditures						
Revenues	(2,310)	(418)	(464)	(1,085)	-	-
Total revenues netted against expenditures	(2,310)	(418)	(464)	(1,085)	-	-
TOTAL BUDGETARY EXPENDITURES	195,022	44,408	130,765	235,880	45,698	124,029

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

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