

Privy Council Office

Quarterly Financial Report

Statement outlining results, risks and significant changes in operations, personnel and programs
For the quarter ended September 30, 2020

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
- Annexes 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.

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.

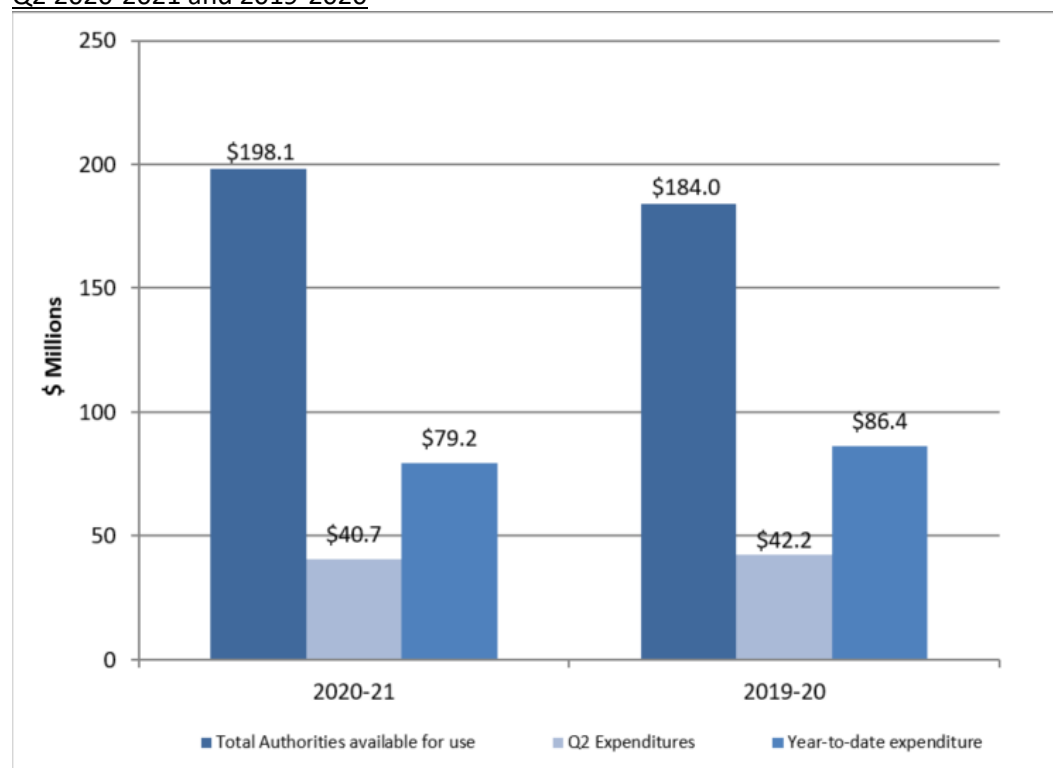
PCO uses the full accrual method of accounting to prepare and present its annual departmental financial statements ¹ that are part of the departmental performance reporting process. The spending authorities voted by Parliament remain on an expenditure basis.

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 September 30, 2020.

PCO spent approximately 40% of its authorities available for use by the end of the second quarter, compared to 47% at the end of the same quarter of 2019-20 (see graph 1 below).

Graph 1: Comparison of Total Authorities Available For Use and Total Net Budgetary Expenditures as of Q2 2020-2021 and 2019-2020

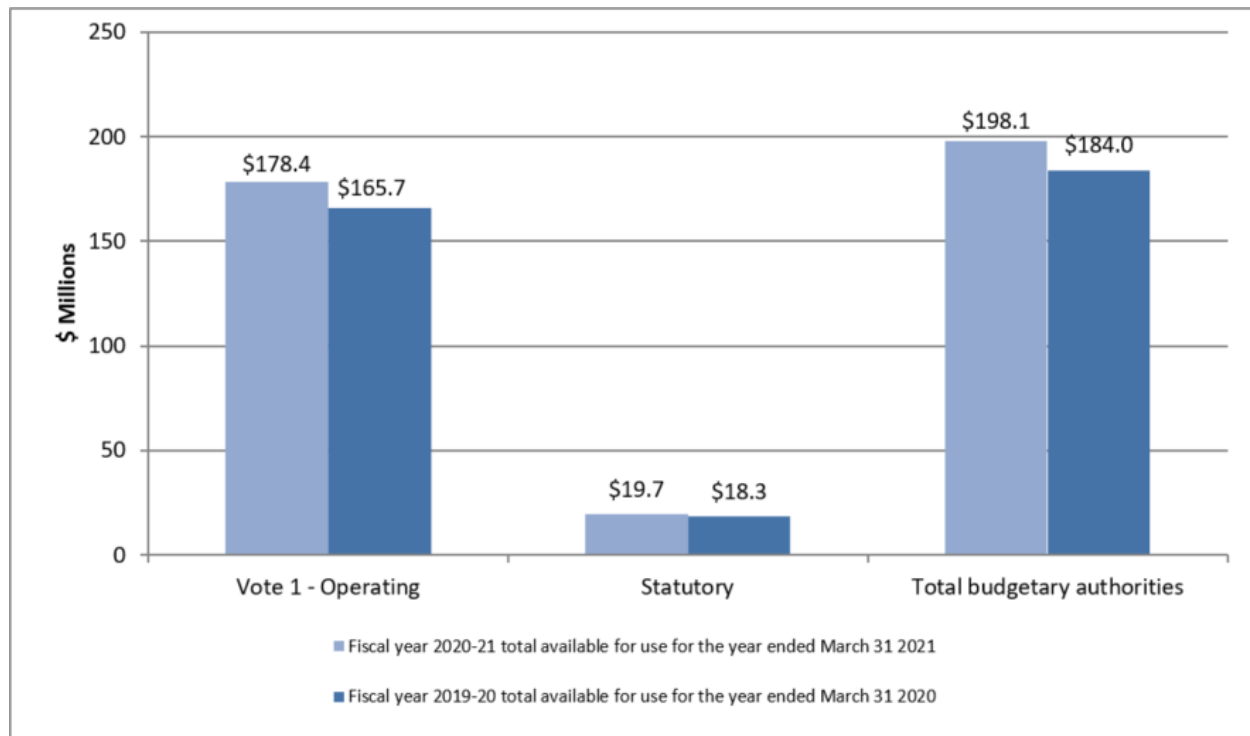


¹ The notes to the annual departmental financial statements include a reconciliation between full accrual results and spending authorities.

Significant changes to authorities

As per graph 2 below as at September 30, 2020 and Annex A, presented at the end of this document, PCO has authorities available for use of \$198.1 million in 2020-21 compared to \$184.0 million as of September 30, 2019, for a net increase of \$14.1 million or 8%.

Graph 2: Variance in Authorities as at September 30, 2020



The net increase in authorities of \$14.1 million is mainly explained by:

Authorities Increase

- PCO received additional funding for a whole-of-government strategy for communicating with Canadians about COVID-19, to stabilize and enhance support to the Prime Minister, the Deputy Prime Minister, portfolio ministers and Cabinet and other key priorities, to offset increased salary expenditures resulting from collective bargaining and for the transfer of Ministers' Regional Offices budget for Exempt Staff and Non-Exempt Staff from Public Services and Procurement Canada (PSPC).

Authorities Decrease

- Due to the COVID-19 pandemic and limited sessions in the spring for Parliament to study supply, the Standing Orders of the House of Commons were amended to extend the study period into the Fall. As a result, PCO is expected to receive full supply for the 2020-21 Main Estimates in December 2020.
- Increased authorities are also offset by decreases related to the National Inquiry into Missing and Murdered Indigenous Women and Girls, management and oversight of Governor in General appointments and sunseting of funding for Review of Laws and Policies related to Indigenous

Peoples. PCO also transferred funding related LGBTQ2 and Youth Secretariats to Canadian Heritage in fiscal year 2019-20.

Significant changes to quarter expenditures

The second quarter expenditures totaled \$40.7 million for a net decrease of \$1.5 million (4%) when compared to \$42.2 million spent during the same period in 2019-20. Table 1 below presents budgetary expenditures by standard object.

Table 1

Material Variances to Expenditures by Standard Object (in thousands of dollars)	Fiscal year 2020-21 Expended during the quarter ended 30-September- 2020	Fiscal year 2019-20 Expended during the quarter ended 30-September- 2019	Variance \$	Variance %
Personnel	32,868	31,866	1,002	3%
Transportation and communications	157	1,294	(1,137)	(88%)
Information	881	2,384	(1,503)	(63%)
Professional and special services	3,629	4,362	(733)	(17%)
Rentals	260	425	(165)	(39%)
Repair and maintenance	115	182	(67)	(37%)
Utilities, materials and supplies	124	366	(242)	(66%)
Acquisition of machinery and equipment	2,395	609	1,786	293%
Transfer payments	-	252	(252)	(100%)
Other subsidies and payments	249	499	(250)	(50%)
Total gross budgetary expenditures *	40,678	42,239	(1,561)	(4%)
Less revenues netted against expenditures	0	(46)	46	0%
Total budgetary expenditures	40,678	42,193	(1,515)	(4%)

** Details may not add to totals due to rounding*

Personnel:

The overall increase of \$1 million in personnel spending is mainly due to a combination of additional staff required to deliver on an expanded departmental mandate, for the whole-of-government strategy for communicating with Canadians about COVID-19 and new expenditures for the transfer of Ministers' Regional Offices budget for Exempt Staff from PSPC. The increase is offset by a decrease mainly attributed to support the National Inquiry into Missing and Murdered Indigenous Women and Girls, as core activities were completed in 2019-20.

Transportation and Communications:

The decrease of \$1.1 million is mainly attributed to less travel expenses due to travel restrictions imposed by the COVID-19 pandemic and the completion of core activities in 2019-20 of the National Inquiry into Missing and Murdered Indigenous Women and Girls.

Information:

The decrease of \$1.5 million is mainly attributed to communication professional services contracts to support the National Inquiry into Missing and Murdered Indigenous Women and Girls, as core activities were completed in 2019-20.

Utilities, materials and supplies:

The decrease of \$0.2 million is mainly due to the completion of the National Inquiry into Missing and Murdered Indigenous Women and Girls core activities in 2019-20.

Acquisition of machinery and equipment:

The increase is mainly related to the purchase of safety equipment in 2020-21.

Transfer Payments:

Transfer payments have decreased by \$0.3 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 attributed to a reduction of costs related to other payments related to the National Inquiry into Missing and Murdered Indigenous Women and Girls, as core activities were completed in 2019-20.

Significant changes to year-to-date expenditures

The year-to-date expenditures totaled \$79.2 million for a net decrease of \$7.1 million (8%) when compared to \$86.4 million spent during the same period in 2019-20. 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 September 30 2020	YTD Expenditures as of September 30 2019	Variance \$	Variance %
Personnel	65,548	65,006	542	1%
Transportation and communications	493	2,744	(2,251)	(82%)
Information	1,800	4,677	(2,877)	(62%)
Professional and special services	7,263	8,651	(1,388)	(16%)
Rentals	818	1,307	(489)	(37%)
Repair and maintenance	133	208	(75)	(36%)
Utilities, materials and supplies	165	484	(319)	(66%)
Acquisition of machinery and equipment	2,576	1,319	1,257	95%
Transfer payments	-	1,139	(1,139)	(100%)
Other subsidies and payments	442	868	(426)	(49%)
Total gross budgetary expenditures *	79,237	86,403	(7,166)	(8%)
Less revenues netted against expenditures	0	(46)	46	0%
Total budgetary expenditures	79,237	86,357	(7,121)	(8%)

** Details may not add to totals due to rounding*

Personnel:

The overall increase of \$0.5 million in personnel spending is mainly due to a combination of additional staff required to deliver on an expanded departmental mandate, for the whole-of-government strategy for communicating with Canadians about COVID-19 and new expenditures for the transfer of Ministers' Regional Offices budget for Exempt Staff from PSPC. The increase is offset by a decrease mainly attributed to support the National Inquiry into Missing and Murdered Indigenous Women and Girls, as core activities were completed in 2019-20.

Transportation and Communications:

The decrease of \$2.3 million is mainly attributed to less travel expenses due to travel restrictions imposed by the COVID-19 pandemic, completion of the National Inquiry into Missing and Murdered Indigenous Women and Girls core activities in 2019-20 and travel expenses for the Youth Summit that occurred in 2019-20.

Information:

The decrease of \$2.9 million is mainly attributed to communication professional services contracts to support the National Inquiry into Missing and Murdered Indigenous Women and Girls, as core activities were completed in 2019-20.

Utilities, materials and supplies:

The decrease of \$0.3 million is mainly due to the completion of the National Inquiry into Missing and Murdered Indigenous Women and Girls core activities in 2019-20.

Acquisition of machinery and equipment:

The increase is mainly related to the purchase of safety equipment in 2020-21.

Transfer Payments:

Transfer payments have decreased by \$1.1 million due to the completion of the National Inquiry into Missing and Murdered Indigenous Women and Girls core activities in 2019-20.

Other subsidies and payments:

The decrease is mainly attributed to fewer costs incurred due to salary overpayments and other payments related to the National Inquiry into Missing and Murdered Indigenous Women and Girls, as core activities were completed in 2019-20.

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.

Responding to the COVID-19 crisis has demanded a significant investment in communications to help mitigate the propagation risks among the Canadian population and support citizens and businesses directly affected with economic measures. PCO will effectively manage the risks associated through ongoing cooperation and engagement with other federal departments and agencies, provincial/territorial governments, as well as its stakeholders and partners.

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**Personnel**

Christyne Tremblay became the Deputy Clerk of the Privy Council, Associate Secretary to the Cabinet and Deputy Minister (Intergovernmental Affairs) in September 2020.

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

Ottawa, Canada
Friday November 27, 2020

ANNEX A
STATEMENT OF AUTHORITIES (unaudited) (note 2)

(In thousands of dollars)

	Fiscal year 2020-2021			Fiscal year 2019-2020		
	Total available for use for the year ending March 31, 2021 (note 1)	Used during the quarter ended September 30, 2020	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2020 (note 1)	Used during the quarter ended September 30, 2019	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	178,435	36,239	70,359	165,744	37,676	77,277
Budgetary statutory authorities						
Contributions to employee benefits plans	19,229	4,326	8,651	17,809	4,406	8,858
Prime Minister - Salary and motor car allowance	185	46	92	181	45	90
Leader of the Government in the House of Commons - Salary and motor car allowance	89	22	45	88	22	44
President of the Queen's Privy Council and the Minister of Intergovernmental Affairs - Salary and motor car allowance	89	22	45	-	-	-
Deputy Prime Minister and Minister of Finance - Salary and motor car allowance	89	22	45	-	-	-
Minister of Democratic Institutions - Salary and motor car allowance	-	-	-	88	22	44
Minister of Intergovernmental and Northern Affairs and Internal Trade - Salary and motor car allowance	-	-	-	88	22	44
Total budgetary authorities	198,117	40,678	79,237	183,997	42,193	86,357
TOTAL AUTHORITIES	198,117	40,678	79,237	183,997	42,193	86,357

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

ANNEX B

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

(In thousands of dollars)

	Fiscal year 2020-2021			Fiscal year 2019-2020		
	Planned expenditures for the year ending March 31, 2021 (note 1)	Expended during the quarter ended September 30, 2020	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2020 (note 1)	Expended during the quarter ended September 30, 2019	Year-to-date used at quarter-end
Budgetary expenditures						
Personnel	123,379	32,868	65,548	138,665	31,866	65,006
Transportation and communications	3,179	157	493	3,189	1,294	2,744
Information	48,251	881	1,800	3,168	2,384	4,677
Professional and special services	17,922	3,629	7,263	35,420	4,362	8,651
Rentals	1,287	260	818	925	425	1,307
Repair and maintenance	2,030	115	133	1,177	182	208
Utilities, materials and supplies	511	124	165	272	366	484
Acquisition of machinery and equipment	2,936	2,395	2,576	1,885	609	1,319
Transfer payments	-	-	-	900	252	1,139
Other subsidies and payments	-	249	442	707	499	868
Total gross budgetary expenditures	199,494	40,678	79,237	186,307	42,239	86,403
Less revenues netted against expenditures						
Revenues	(1,377)	-	-	(2,310)	(46)	(46)
Total revenues netted against expenditures	(1,377)	-	-	(2,310)	(46)	(46)
TOTAL BUDGETARY EXPENDITURES	198,117	40,678	79,237	183,997	42,193	86,357

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.