



Financial Statements of the

Office of the Secretary to the Governor General

**For the Year Ended March 31, 2017**

## OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

### Statement of Management Responsibility

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Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2017 and all information contained in these statements rests with the management of the Office of the Secretary to the Governor General. These financial statements have been prepared by management using the Government's accounting policies which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Office's financial transactions. Financial information submitted in the preparation of the *Public Accounts of Canada* is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff, through organizational arrangements that provide appropriate divisions of responsibility, through communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Office and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

The Office of the Secretary to the Governor General is subject to periodic Core Control Audits performed by the Office of the Comptroller General and uses the results of such audits to comply with the Treasury Board *Policy on Internal Control*.

The financial statements of the Office have not been audited.

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Original signed by

**Mr. Stephen Wallace**

Secretary to the Governor General and Herald Chancellor  
Deputy Head

Ottawa, Canada

September 1, 2017

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Original signed by

**Mr. Fady Abdul-Nour, P.Eng**

Director General, Corporate Services  
Chief Financial Officer

## OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

### Statement of Financial Position (Unaudited)

As at March 31

(in dollars)	2017	2016
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	2,174,720	2,399,737
Vacation pay and compensatory leave	663,206	641,859
Deferred revenue and other liabilities (note 5)	50,097	98,189
Employee future benefits (note 6)	549,720	878,213
<b>Total liabilities</b>	<b>3,437,743</b>	<b>4,017,998</b>
<b>Financial assets</b>		
Due from the Consolidated Revenue Fund	2,062,782	2,409,777
Accounts receivable and advances (note 7)	625,697	131,799
<b>Total financial assets</b>	<b>2,688,479</b>	<b>2,541,576</b>
<b>Departmental Net debt</b>	<b>749,264</b>	<b>1,476,422</b>
<b>Non-financial assets</b>		
Medals and official gifts (note 8)	447,191	502,852
Prepaid expenses	96,287	36,451
Tangible capital assets (note 9)	1,659,948	1,114,809
<b>Total non-financial assets</b>	<b>2,203,426</b>	<b>1,654,112</b>
<b>Departmental Net financial position</b>	<b>1,454,162</b>	<b>177,690</b>

*The accompanying notes form an integral part of the financial statements.*

Original signed by

*Mr. Stephen Wallace*

Secretary to the Governor General and Herald Chancellor  
Deputy Head

Ottawa, Canada

September 1, 2017

Original signed by

*Mr. Fady Abdul-Nour, P.Eng*

Director General, Corporate Services  
Chief Financial Officer

# OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

## Statement of Operations and Departmental Net Financial Position (Unaudited)

For the year ended March 31

(in dollars)	2017	2016
<b>Expenses</b>		
Governor General support	28,490,680	25,292,689
Internal services	9,858,470	9,687,027
<b>Total expenses</b>	<b>38,349,150</b>	<b>34,979,716</b>
<b>Revenues</b>		
Heraldic user fees	23,490	16,095
Gift shop revenue	-	1,422
Miscellaneous revenues	94,001	93,059
<b>Total revenues</b>	<b>117,491</b>	<b>110,576</b>
<b>Net cost of operations before government funding</b>	<b>38,231,659</b>	<b>34,869,140</b>
<b>Government funding</b>		
Net cash provided by Government	23,329,056	21,117,178
Change in due from Consolidated Revenue Fund	(346,997)	1,088,320
Services provided without charge by other government departments (note 10)	16,526,072	13,204,106
Transfer of the transition payments for implementing salary payments in arrears (note 11)	-	(4,046)
<b>Total Government funding</b>	<b>39,508,131</b>	<b>35,405,558</b>
<b>Net cost of operations after government funding</b>	<b>(1,276,472)</b>	<b>(536,418)</b>
<b>Departmental Net financial position - Beginning of year</b>	<b>177,690</b>	<b>(358,728)</b>
<b>Departmental Net financial position - End of year</b>	<b>1,454,162</b>	<b>177,690</b>

Segmented information (note 12)

*The accompanying notes form an integral part of the financial statements.*

## OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

### Statement of Change in Departmental Net Debt (Unaudited)

For the year ended March 31

(in dollars)	2017	2016
<b>Net cost of operations after government funding</b>	<b>(1,276,472)</b>	<b>(536,418)</b>
<b>Change due to tangible capital assets</b>		
Acquisition of tangible capital assets	220,604	507,306
Amortization of tangible capital assets	(258,158)	(237,277)
Assets under construction	582,694	312,258
<b>Total change due to tangible capital assets</b>	<b>545,140</b>	<b>582,287</b>
<b>Change due to inventories</b>	<b>(55,662)</b>	<b>(502)</b>
<b>Change due to prepaid expenses</b>	<b>59,836</b>	<b>36,451</b>
<b>Net increase (decrease) in departmental net debt</b>	<b>(727,158)</b>	<b>81,818</b>
<b>Departmental Net debt - Beginning of year</b>	<b>1,476,422</b>	<b>1,394,604</b>
<b>Departmental Net debt - End of year</b>	<b>749,264</b>	<b>1,476,422</b>

*The accompanying notes form an integral part of the financial statements.*

# OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

## Statement of Cash Flows (Unaudited)

For the year ended March 31

(in dollars)	2017	2016
<b>Operating activities</b>		
Net cost of operations before government funding	38,231,659	34,869,140
<b>Non-cash items:</b>		
Services provided without charge by other government departments (note 10)	(16,526,072)	(13,204,106)
Amortization of tangible capital assets	(258,158)	(237,277)
Transition payments for implementing salary payments in arrears (note 11)	-	4,046
<b>Variations in Statement of Financial Position:</b>		
Increase (decrease) in accounts receivable and accountable advances	493,898	(403,993)
Increase in prepaid expenses	59,836	36,451
Decrease in gift shop inventory	-	(22,583)
Increase (decrease) in medals and official gifts	(55,661)	22,082
Decrease (increase) in accounts payable and accrued liabilities	225,017	(762,359)
Decrease (increase) in vacation pay and compensatory leave	(21,347)	1,171
Decrease in deferred revenue and other liabilities	48,092	15,138
Decrease (increase) in employee future benefits	328,493	(20,095)
<b>Cash used in operating activities</b>	<b>22,525,757</b>	<b>20,297,615</b>
<b>Capital investing activities</b>		
Acquisitions of tangible capital assets	220,604	507,306
Asset under construction	582,694	312,258
<b>Cash used in capital investing activities</b>	<b>803,298</b>	<b>819,563</b>
<b>Net cash provided by Government of Canada</b>	<b>23,329,056</b>	<b>21,117,178</b>

*The accompanying notes form an integral part of the financial statements.*

# OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

## Notes to the Financial Statements (Unaudited)

For the year ended March 31

### 1. Authority and objectives

The Office of the Secretary to the Governor General (the Office) was designated an agency for purposes of the *Financial Administration Act* (FAA) by P.C. 1952-1903 dated March 31, 1952.

The primary objectives of the Office are to enable the Governor General, representing the Crown in Canada, to fulfill constitutional, state, ceremonial and public duties, including the recognition of excellence. The Office also provides for expenditures in respect of pensions and activities performed by former Governors General. To reflect these objectives, the operations of the Office are divided into two program activities:

**(a) Governor General Support** - The Office provides support and advice to the Governor General of Canada in his/her unique role as the representative of The Queen in Canada as well as commander-in-chief. The Office assists the Governor General in carrying out constitutional responsibilities, in representing Canada at home and abroad, in bringing Canadians together, and in granting armorial bearings. The Office also supports the Governor General in encouraging excellence through the administration of the Canadian Honours System and by organizing the presentations of national honours, decorations, medals and awards. The Office manages a visitor services program at both of the Governor General's official residences and oversees the day-to-day operations of these residences. The Office also provides support to former Governors General, including pensions to former Governors General and their spouses.

**(b) Internal Services** - Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

### 2. Summary of significant accounting policies

These financial statements have been prepared using Government of Canada accounting policies stated below, which are 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) Parliamentary authorities**

The Office is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the Office do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Office Net Financial Position and the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting.

**(b) Net cash provided by Government**

The Office operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Office is deposited to the CRF and all cash disbursements made by the Office are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government.

# OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

## Notes to the Financial Statements (Unaudited)

For the year ended March 31

## 2. Summary of significant accounting policies (continued)

### *(c) Due from the CRF*

Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Office is entitled to draw from the CRF without further appropriations to discharge its liabilities.

### *(d) Revenues*

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenues. These revenues are recognized in the period in which the related expenses are incurred.

Funds that have been received are recorded as deferred revenue, provided the Office has an obligation to other parties for the provision of goods, services or the use of assets in the future.

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

### *(e) Expenses*

Expenses are recorded on the accrual basis:

- ✓ Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- ✓ Services provided without charge by other government departments for accommodation, employer contributions to the health and dental insurance plans and legal services are recorded as operating expenses.

### *(f) Employee future benefits*

- ✓ **Pension benefits:** Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. The Office's contributions to the Plan are charged to expenses in the year incurred and represent the total Office obligation to the Plan. The Office's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.
- ✓ **Severance benefits:** Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

### *(g) Accounts receivable*

Accounts receivable are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for receivables where recovery is considered uncertain.

### *(h) Gift Shop Inventory*

Gift shop inventory consists of items for resale and is valued at the lower of cost using the average cost method or net realizable value.

### *(i) Medals and Official Gifts*

Medals and official gifts consists of medals for the Order of Canada insignia and other honours as well as official gifts held for distribution in the future are valued at original cost or net realizable value.



# OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

## Notes to the Financial Statements (Unaudited)

For the year ended March 31

## 2. Summary of significant accounting policies (continued)

### *(j) Tangible capital assets*

All tangible capital assets having an initial cost of \$5,000 or more are recorded at their acquisition cost. The Office does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value or museum collections.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Capital assets class	Amortization period
Computer Hardware	3 years
Computer Software	7 years
Vehicles	5 years
Other Equipment	10 years

Assets under construction are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

### *(k) Annuity payments to former Governors General*

Pursuant to provisions contained within the *Governor General's Act* and the *Supplementary Retirement Benefits Act*, taxable annuities are paid to:

(i) former Governors General; and (ii) surviving spouses of former Governors General. These annuities are indexed annually to the Consumer Price Index and are recognized as an expense in the period in which payment is due.

### *(l) Measurement uncertainty*

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee future benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

## OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

### Notes to the Financial Statements (Unaudited)

For the year ended March 31

### 3. Parliamentary authorities

The Office receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the Office has different net results 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 current year authorities used*

(in dollars)	2017	2016
Net cost of operations before government funding	38,231,659	34,869,140
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services provided without charge by other government departments	(16,526,072)	(13,204,106)
Medals and official gifts issued	(389,212)	(323,883)
Decrease (increase) Employee future benefits	328,493	(20,095)
Amortization of tangible capital assets	(258,158)	(237,277)
Decrease (increase) Vacation pay and compensatory leave	(21,347)	1,171
Revenues	24,149	23,974
Refund of previous year expenditures	60,314	25,728
Other	16,160	-
	(16,765,673)	(13,734,489)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Purchase of medals and official gifts	333,553	323,381
Acquisitions of tangible capital assets	220,604	507,306
Assets under construction	582,694	312,258
Transition payments for implementing salary payments in arrears	-	4,046
Increase in accounts receivable for salary overpayments	412	-
Increase in prepaid expenses	59,836	36,451
	1,197,099	1,183,441
<b>Current year authorities used</b>	<b>22,663,085</b>	<b>22,318,092</b>

#### *(b) Authorities provided and used*

(in dollars)	2017	2016
<b>Authorities provided:</b>		
Vote 1 - Program expenditures	20,447,070	19,722,711
Statutory amounts	2,829,364	2,901,936
Less:		
Authorities available for future years	(659)	(3,036)
Lapsed authorities: Program expenditures	(612,690)	(303,519)
<b>Current year authorities used</b>	<b>22,663,085</b>	<b>22,318,092</b>

## OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

### Notes to the Financial Statements (Unaudited)

For the year ended March 31

#### 4. Accounts payable and accrued liabilities

The following table presents details of the Office's accounts payable and accrued liabilities:

(in dollars)	2017	2016
Accounts payable - Other government departments and agencies	70,865	101,124
Accounts payable - External parties	910,869	1,102,579
<b>Total accounts payable</b>	<b>981,734</b>	<b>1,203,703</b>
Accrued liabilities	1,192,986	1,196,034
<b>Total accounts payable and accrued liabilities</b>	<b>2,174,720</b>	<b>2,399,737</b>

#### 5. Deferred revenue and other liabilities

##### (a) *Deferred revenue*

Deferred revenue represents the balance at year-end of unearned revenues received as gifts, donations and bequests to Rideau Hall. It also represents funds received for collaborative agreements from private organizations and individuals to fund specific initiatives. Revenue is recognized in the period in which these expenditures are incurred or in which the service is performed. Details of the transactions related to this account are as follows:

(in dollars)	2017	2016
Opening balance	96,812	113,327
Amounts received	45,000	47,220
Revenues recognized	(93,342)	(63,735)
<b>Closing balance</b>	<b>48,470</b>	<b>96,812</b>

##### (b) *Other liabilities*

Other liabilities represent amounts for collaborative agreements. Funds are received by the Office from external parties to cover future expenditures related to these agreements. Details of the transactions related to this account are as follows:

(in dollars)	2017	2016
Opening balance	1,377	-
Amounts received	98,428	33,686
Payments and other charges	(98,178)	(32,309)
<b>Closing balance</b>	<b>1,627</b>	<b>1,377</b>
<b>Net Closing balance</b>	<b>50,097</b>	<b>98,189</b>

## OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

### Notes to the Financial Statements (Unaudited)

For the year ended March 31

## 6. Employee future benefits

### (a) Pension benefits

The Office's employees participate in the public service pension plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Both the employees and the Office contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2016-2017 expense amounts to \$1,371,913 (\$1,412,713 in 2015-2016). For Group 1 members, the expense represents approximately 1.12 times (1.25 times in 2015-2016) the employee contributions and, for Group 2 members, approximately 1.08 times (1.24 times in 2015-2016) the employee contributions.

The Office's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

### (b) Severance benefits

Severance benefits provided to the Department's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2017, substantially all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follows:

(in dollars)	2017	2016
Accrued benefit obligation, beginning of year	878,213	858,118
Expense for the year	(303,166)	48,552
Benefits paid during the year	(25,327)	(28,457)
<b>Accrued benefit obligation, end of year</b>	<b>549,720</b>	<b>878,213</b>

## OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

### Notes to the Financial Statements (Unaudited)

For the year ended March 31

## 7. Accounts receivable and advances

The following table presents details of the Office's accounts receivable and advances balances:

(in dollars)	2017	2016
Receivables - Other government departments and agencies	488,708	97,476
Receivables - External parties	117,519	31,623
Employee advances	19,470	2,700
<b>Total accounts receivable and advances</b>	<b>625,697</b>	<b>131,799</b>

## 8. Inventory

The following table presents details of the inventory, measured at cost using the average cost method.

(in dollars)	2017	2016
Medals and official gifts	447,191	502,852
<b>Total inventory</b>	<b>447,191</b>	<b>502,852</b>

The cost of consumed inventory recognized as an expense in the Statement of Operations and Departmental Net Financial Position is \$389,212 in 2016-2017 (\$323,883 in 2015-2016).

# OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

## Notes to the Financial Statements (Unaudited)

For the year ended March 31

### 9. Tangible capital assets

#### Capital Asset Class

Cost	Opening	Acquisitions	Adjustments	Closing Balance
(in dollars)	Balance			
Computer hardware	939,654	215,358	-	1,155,012
Computer software	85,491	5,246	-	90,737
Vehicles	102,277	-	-	102,277
Other equipment	401,459	-	-	401,459
Assets under construction	312,258	582,694	-	894,952
<b>Total</b>	1,841,139	803,298	-	2,644,437

Accumulated amortization	Opening	Amortization	Adjustments	Closing Balance
(in dollars)	Balance			
Computer hardware	615,578	187,066	-	802,645
Computer software	16,174	12,650	-	28,824
Vehicles	70,991	19,985	-	90,976
Other equipment	23,587	38,457	-	62,044
Assets under construction	-	-	-	-
<b>Total</b>	726,330	258,158	-	984,489

Net book value	2016	2017
(in dollars)		
Computer hardware	324,076	352,367
Computer software	69,317	61,913
Vehicles	31,286	11,301
Other equipment	377,872	339,415
Assets under construction	312,258	894,952
<b>Total</b>	1,114,809	1,659,948

## OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

### Notes to the Financial Statements (Unaudited)

For the year ended March 31

## 10. Related party transactions

The Office is related as a result of common ownership to all government departments, agencies, and Crown corporations. The Office enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the Office received common services which were obtained without charge from other government departments as disclosed below.

### *(a) Common services provided without charge by other government departments*

During the year, the Office received services without charge from the National Capital Commission (NCC) and Public Works and Government Services Canada (PWGSC) related to accommodation. In addition, the employer's contribution to the health and dental insurance plans is provided by Treasury Board Secretariat (TBS). These services provided without charge have been recorded in the Office's Statement of Operations and Net Financial Position as follows:

(in dollars)	2017	2016
Accommodation	15,312,702	12,047,245
Employer's contribution to the health and dental insurance plans	1,213,370	1,156,861
<b>Total</b>	<b>16,526,072</b>	<b>13,204,106</b>

In addition to the support provided by the Office, four federal government departments and agencies are also mandated to support the activities of the Governor General. The level of support and services provided to the Office is determined by each of the contributors and funded out of the budgets of those organizations. The various contributing departments are responsible for allocating and managing the funds they provide to support the activities of the Governor General and the Office and are subject to Treasury Board guidelines. The amounts spent by the departments in question do not appear in the accounts of the Office nor are they recorded as operating expenses by the Office;

- ✓ The Department of National Defence (DND) provides logistical support and transportation (similar to the support provided to the prime minister) to the Governor General in an official capacity;
- ✓ The Royal Canadian Mounted Police (RCMP) provides support in matters related to the security and personal protection services (similar to the support provided to the prime minister) for the Governor General and his or her spouse, domestically and abroad;
- ✓ The Department of Foreign Affairs and International Trade (DFAIT) advises the Governor General on all matters related to foreign policy and funds activities related to incoming State visits, as well as the Governor General's international program and activities undertaken at the request of the prime minister; and
- ✓ The Office also works closely with other agencies such as the Department of Canadian Heritage (PCH), which is the lead department for activities including Royal visits, State funerals, national memorial services and special anniversary celebrations.

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The cost of these services, such as payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General are also not included in the OSG's Statement of Operations and Net Financial Position.

### *(b) Other transactions with related parties*

(in dollars)	2017	2016
Expenses - Other Government departments and agencies	3,125,919	3,179,308
Revenues - Other Government departments and agencies	870	6,892

Expenses and revenues disclosed in (b) exclude common services provided without charge, which are already disclosed in (a).

## OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

### Notes to the Financial Statements (Unaudited)

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For the year ended March 31

## 11. Transfer of the transition payments for implementing salary payments in arrears

The Government of Canada implemented salary payments in arrears in 2014-15. As a result, a one-time payment was issued to employees and will be recovered from them in the future. The transition to salary payments in arrears forms part of the transformation initiative that replaces the pay system and also streamlines and modernizes the pay processes. This change to the pay system had no impact on the expenses of the Office. However, it did result in the use of additional spending authorities by the Office. Prior to year end, the transition payments for implementing salary payments in arrears were transferred to a central account administered by Public Works and Government Services Canada, who is responsible for the administration of the Government pay system.



# OFFICE OF THE SECRETARY TO THE GOVERNOR GENERAL

## Notes to the Financial Statements (Unaudited)

For the year ended March 31

## 12. Segmented Information

Presentation by segment is based on the Office's program alignment architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main program, by major object of expense and by major type of revenue. The segment results for the period are as follows:

(in dollars)	Governor General Support	Internal services	2017	2016
<b>Operating Expenses</b>				
Salaries and employee benefits	12,321,401	3,794,827	<b>16,116,228</b>	16,669,964
Accommodation	11,565,049	3,747,653	<b>15,312,702</b>	12,047,244
Professional and other services	1,256,898	386,139	<b>1,643,037</b>	1,813,048
Materials and supplies	890,898	188,306	<b>1,079,204</b>	1,088,680
Travel	1,002,773	18,328	<b>1,021,101</b>	888,963
Information services	657,857	72,642	<b>730,499</b>	546,030
Miscellaneous expenditures	69,863	595,688	<b>665,551</b>	150,739
Pensions to former Governors General	567,469	-	<b>567,469</b>	560,186
Rentals	93,159	335,018	<b>428,177</b>	396,290
Telecommunication services	33,481	313,469	<b>346,950</b>	414,470
Amortization expense	-	258,158	<b>258,158</b>	237,277
Postage, freight, express, and cartage	16,534	143,706	<b>160,240</b>	140,505
Purchase repair and maintenance	11,427	4,536	<b>15,963</b>	10,006
Utilities	3,871	-	<b>3,871</b>	16,314
<b>Total Operating expenses</b>	<b>28,490,680</b>	<b>9,858,470</b>	<b>38,349,150</b>	<b>34,979,716</b>
<b>Revenues</b>				
Heraldic user fees	23,490	-	<b>23,490</b>	16,095
Gift shop revenue	-	-	<b>-</b>	1,422
Miscellaneous revenues	93,342	659	<b>94,001</b>	93,059
<b>Total revenues</b>	<b>116,832</b>	<b>659</b>	<b>117,491</b>	<b>110,576</b>
<b>Net cost of operations before government funding</b>	<b>28,373,848</b>	<b>9,857,811</b>	<b>38,231,659</b>	<b>34,869,140</b>

## 13. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.