

Privy Council Office

Quarterly Financial Report

Statement outlining results, risks and significant changes in operations, personnel and programs
For the quarter ended September 30, 2021

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](#).

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 2021-22 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.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

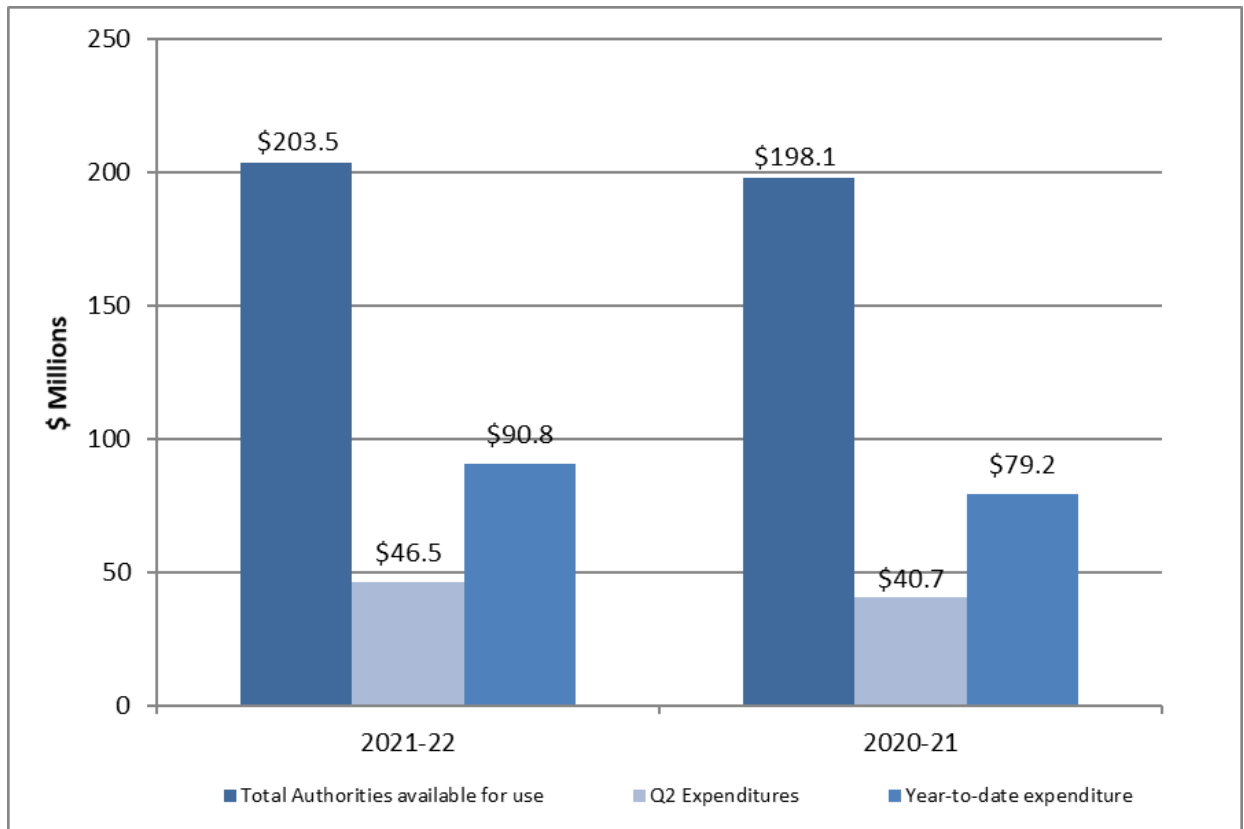
PCO uses the full accrual method of accounting to prepare and present its annual departmental financial statements¹ that are part of the departmental performance reporting process. The spending authorities voted by Parliament remain on an expenditure basis.

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, 2021.

PCO spent approximately 45% of its authorities available for use by the end of the second quarter, compared to 40% at the end of the same quarter of 2020-21 (see graph 1 below).

Graph 1: Comparison of Total Authorities Available For Use and Total Net Budgetary Expenditures as of Q2 2021-22 and 2020-21

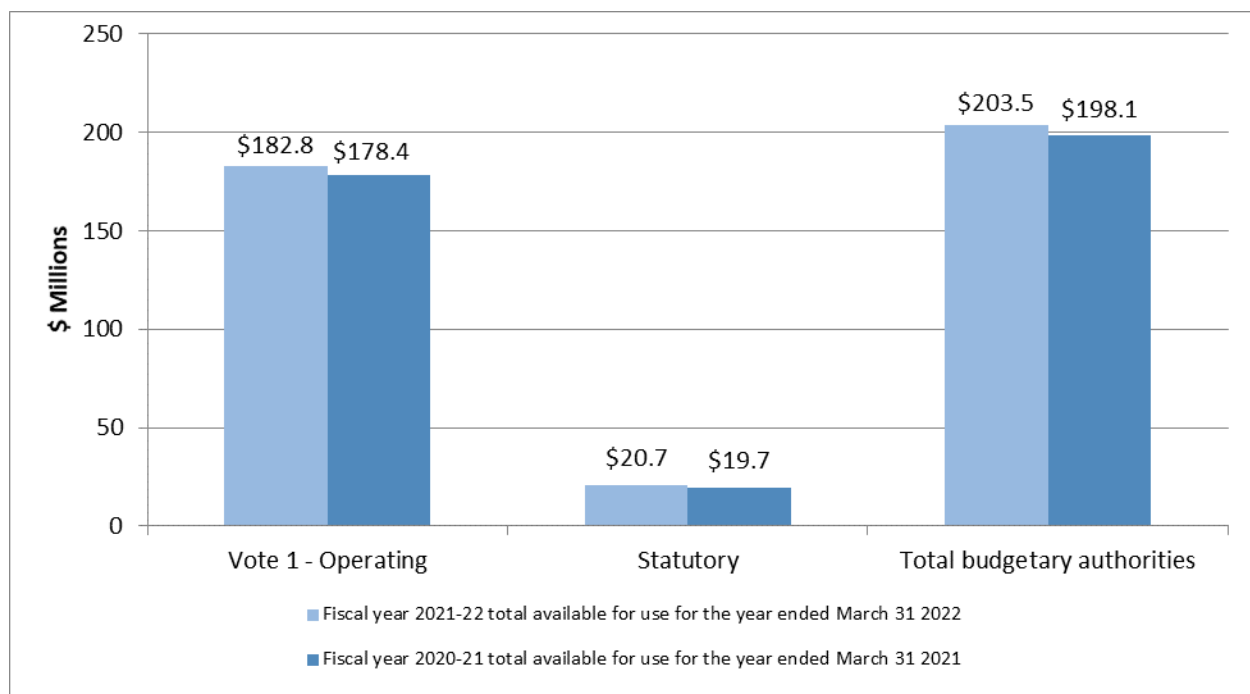


¹The notes to the annual departmental financial statements include a reconciliation between full accrual results and spending authorities.

Significant changes to authorities

As per graph 2 below as at September 30, 2021 and Annex A, presented at the end of this document, PCO has authorities available for use of \$203.5 million in 2021-22 compared to \$198.1 million as of September 30, 2020, for a net increase of \$5.4 million or 3%.

Graph 2: Variance in Authorities as at September 30, 2021



The net increase in authorities of \$5.4 million is mainly explained by:

Authorities Increase

- PCO funding has increased in 2021-22 to include the full annual amounts to stabilize and enhance support to PCO Ministers, for the transfer of the Ministers' Regional Offices, to expand the secure communications for national leadership initiative, and for the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy that were approved in prior years. Additional compensation allocations were received as a result of collective bargaining increases.

Authorities Decrease

- Increased authorities are offset by an end to the funding for a whole-of-government strategy for communicating with Canadians about COVID-19 that increased authorities in fiscal year 2020-21 as well as a permanent travel reduction.

Significant changes to quarter expenditures

The second quarter expenditures totaled \$46.5 million for a net increase of \$5.8 million (14%) when compared to \$40.7 million spent during the same period in 2020-21. Table 1 below presents budgetary expenditures by standard object.

Table 1

Material Variances to Expenditures by Standard Object (in thousands of dollars)	Fiscal year 2021-22 Expended during the quarter ended 30-September- 2021	Fiscal year 2020-21 Expended during the quarter ended 30-September- 2020	Variance \$	Variance %
Personnel	37,236	32,868	4,368	13%
Transportation and communications	725	157	568	362%
Information	896	881	15	2%
Professional and special services	6,190	3,629	2,561	71%
Rentals	953	260	693	267%
Repair and maintenance	72	115	(43)	(37%)
Utilities, materials and supplies	85	124	(39)	(31%)
Acquisition of machinery and equipment	240	2,395	(2,155)	(90%)
Other subsidies and payments	286	249	37	15%
Total gross budgetary expenditures *	46,682	40,678	6,005	15%
Less revenues netted against expenditures	(193)	-	(193)	0%
Total budgetary expenditures	46,490	40,678	5,812	14%

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

Personnel:

The overall increase of \$4.4 million in personnel spending is mainly due to the timing of salary recoveries from other government departments, activities relating to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy and the activities of the Ministers' Regional Offices.

Transportation and Communications:

The increase of \$0.6 million is mainly attributed to the travel costs related to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

Professional and Special Services:

The increase of \$2.6 million is mainly due to court reporting services costs related to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

Acquisition of machinery and equipment:

The decrease of \$2.2 million is mainly related to the purchase of safety equipment in 2020-21.

Significant changes to year-to-date expenditures

The year-to-date expenditures totaled \$90.8 million for a net increase of \$11.6 million (15%) when compared to \$79.2 million spent during the same period in 2020-21. 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 2021	YTD Expenditures as of September 30 2020	Variance \$	Variance %
Personnel	73,501	65,548	7,953	12%
Transportation and communications	1,491	493	998	202%
Information	1,870	1,800	70	4%
Professional and special services	9,328	7,263	2,065	28%
Rentals	1,790	818	972	119%
Repair and maintenance	147	133	14	11%
Utilities, materials and supplies	139	165	(26)	(16%)
Acquisition of machinery and equipment	2,088	2,576	(488)	(19%)
Other subsidies and payments	638	442	196	44%
Total gross budgetary expenditures *	90,993	79,237	11,756	15%
Less revenues netted against expenditures	(194)	-	(194)	0%
Total budgetary expenditures	90,798	79,237	11,562	15%

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

Personnel:

The overall increase of \$8.0 million in personnel spending is mainly due to the timing of salary recoveries from other government departments, activities relating to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy, and the activities of the Ministers' Regional Offices.

Transportation and Communications:

The increase of \$1.0 million is mainly attributed to the travel costs related to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy and increased telecommunication costs related to the expansion of the secure communications for national leadership initiative.

Professional and Special Services:

The increase of \$2.1 million is mainly due to court reporting services costs related to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

Rentals:

The increase of \$1.0 million is mainly attributed to software license applications and the rental of office buildings for the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

Acquisition of machinery and equipment:

The decrease of \$0.5 million is mainly related to the purchase of safety equipment in 2020-21.

Risks and uncertainties

The dominant financial risks lie in the need to reallocate departmental resources to deal with issues that emerge unexpectedly. As part of its coordinating role, PCO must be able to address emerging issues on short notice, and either manage the necessary expenditures within its own spending authorities, or cash manage until increased spending authorities are approved.

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**

In August 2021, Nathalie Drouin was appointed Deputy Clerk of the Privy Council and Associate Secretary to the Cabinet, Michael Vandergrift was appointed as Deputy Minister of Intergovernmental Affairs, Paul MacKinnon has joined as Deputy Secretary to the Cabinet, Governance and Donnalyn McClymont was appointed as Deputy Secretary to the Cabinet, Senior Personnel and Public Service Renewal. Christyne Tremblay, Deputy Clerk of the Privy Council and Associate Secretary to the Cabinet departed PCO in August 2021 and Janine Sherman, Deputy Secretary to the Cabinet, Senior Personnel and Public Service Renewal retired from the Public Service. An [organization chart](#) is regularly updated and posted on the PCO website.

Approval by senior officials:

Janice Charette
Interim Clerk of the Privy Council and
Secretary to the Cabinet

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

Ottawa, Canada

Monday November 29, 2021

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

(In thousands of dollars)

	Fiscal year 2021-2022			Fiscal year 2020-2021		
	Total available for use for the year ending March 31, 2022 (note 1)	Used during the quarter ended September 30, 2021	Year-to-date used at quarter-end	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
Vote 1 - Net operating expenditures	182,769	41,456	80,714	178,435	36,239	70,359
Budgetary statutory authorities						
Contributions to employee benefits plans	20,348	4,927	9,855	19,229	4,326	8,651
Prime Minister - Salary and motor car allowance	188	47	94	185	46	92
Leader of the Government in the House of Commons - Salary and motor car allowance	91	23	45	89	22	45
President of the Queen's Privy Council and the Minister of Intergovernmental Affairs - Salary and motor car allowance	91	23	45	89	22	45
Deputy Prime Minister and Minister of Finance - Salary and motor car allowance	-	(8)	-	89	22	45
Minister and Special Representative for the Prairies - Salary and motor car allowance	-	23	45	-	-	-
Total budgetary authorities	203,486	46,490	90,798	198,117	40,678	79,237
TOTAL AUTHORITIES	203,486	46,490	90,798	198,117	40,678	79,237

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 2021-2022			Fiscal year 2020-2021		
	Planned expenditures for the year ending March 31, 2022 (note 1)	Expended during the quarter ended September 30, 2021	Year-to-date used at quarter-end	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
Budgetary expenditures						
Personnel	161,514	37,236	73,501	123,379	32,868	65,548
Transportation and communications	4,105	725	1,491	3,179	157	493
Information	3,466	896	1,870	48,251	881	1,800
Professional and special services	26,504	6,190	9,328	17,922	3,629	7,263
Rentals	2,138	953	1,790	1,287	260	818
Repair and maintenance	3,289	72	147	2,030	115	133
Utilities, materials and supplies	717	85	139	511	124	165
Acquisition of machinery and equipment	8,410	240	2,088	2,936	2,395	2,576
Other subsidies and payments	-	286	638	-	249	442
Total gross budgetary expenditures	210,143	46,682	90,993	199,494	40,678	79,237
Less revenues netted against expenditures						
Revenues	(6,657)	(193)	(194)	(1,377)	-	-
Total revenues netted against expenditures	(6,657)	(193)	(194)	(1,377)	-	-
TOTAL BUDGETARY EXPENDITURES	203,486	46,490	90,798	198,117	40,678	79,237

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.