

# Privy Council Office

## Quarterly Financial Report

Statement outlining results, risks and significant changes in operations, personnel and programs  
For the quarter ended September 30, 2022

### 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 2022-23 Main Estimates and Supplementary Estimates (A). 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 money 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 statements<sup>1</sup> that are part of the departmental performance reporting process. The spending authorities voted by Parliament remain on an expenditure basis.

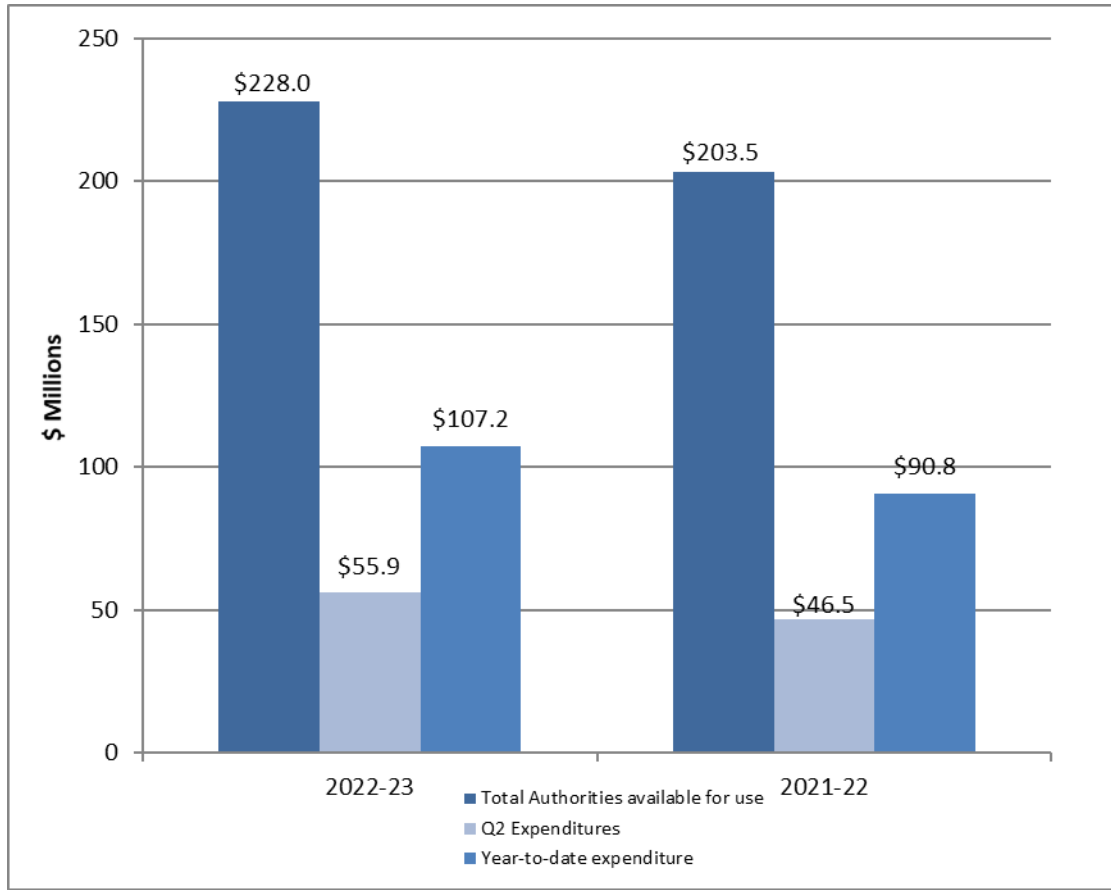
<sup>1</sup>The notes to the annual departmental financial statements include a reconciliation between full accrual results and spending authorities.

### 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, 2022.

PCO spent approximately 47% of its authorities available for use by the end of the second quarter, compared to 45% at the end of the same quarter of 2021-22 (see graph 1 below).

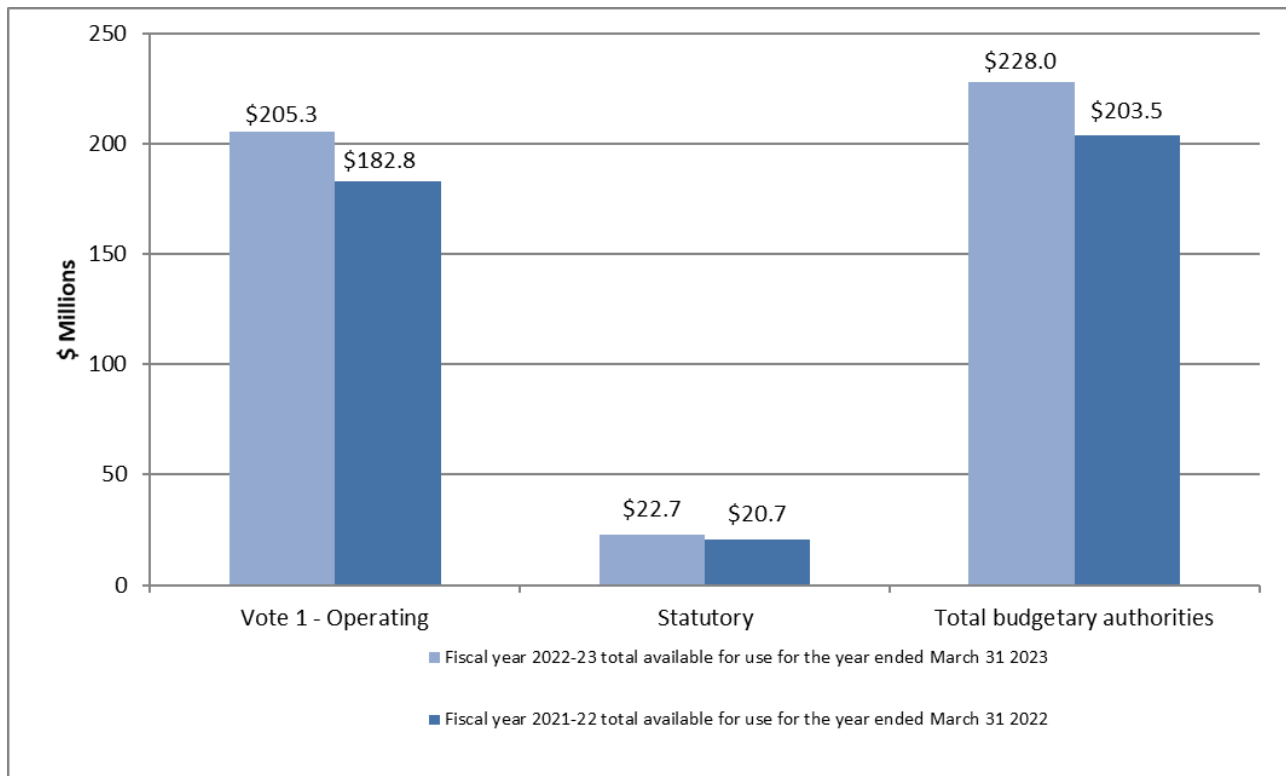
Graph 1: Comparison of Total Authorities Available For Use and Total Net Budgetary Expenditures as of Q2 2022-23 and 2021-22



### Significant changes to authorities

As per graph 2 below as at September 30, 2022 and Annex A, presented at the end of this document, PCO has authorities available for use of \$228.0 million in 2022-23 compared to \$203.5 million as of September 30, 2021, for a net increase of \$24.6 million or 12%.

Graph 2: Variance in Authorities as at September 30, 2022



The net increase in authorities of \$24.6 million is mainly explained by increased funding in 2022-23 approved for the Public Order Emergency Commission and the creation of a dedicated secretariat for emergency preparedness in support of the Minister of Emergency Preparedness.

### Significant changes to quarter expenditures

The second quarter expenditures totaled \$55.9 million for a net increase of \$9.4 million (20%) when compared to \$46.5 million spent during the same period in 2021-22. Table 1 below presents budgetary expenditures by standard object.

Table 1

<b>Material Variances to Expenditures by Standard Object</b> (in thousands of dollars)	<b>Fiscal year 2022-23 Expended during the quarter ended 30-September- 2022</b>	<b>Fiscal year 2021-22 Expended during the quarter ended 30-September- 2021</b>	<b>Variance \$</b>	<b>Variance %</b>
Personnel	40,916	37,236	3,680	10%
Transportation and communications	1,517	725	792	109%
Information	1,263	896	367	41%
Professional and special services	8,622	6,190	2,432	39%
Rentals	1,364	953	411	43%
Repair and maintenance	29	72	(43)	(60%)
Utilities, materials and supplies	93	85	8	9%
Acquisition of machinery and equipment	1,162	240	922	384%
Transfer payments	834	-	834	0%
Other subsidies and payments	180	286	(106)	(37%)
<b>Total gross budgetary expenditures *</b>	<b>55,981</b>	<b>46,682</b>	<b>9,299</b>	<b>20%</b>
Less revenues netted against expenditures	(55)	(193)	138	0%
<b>Total budgetary expenditures</b>	<b>55,925</b>	<b>46,490</b>	<b>9,435</b>	<b>20%</b>

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

#### **Personnel:**

The overall increase of \$3.7 million in personnel spending is mainly due to more activities relating to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy and to the Public Order Emergency Commission and the creation of a dedicated secretariat for emergency preparedness in support of the Minister of Emergency Preparedness.

#### **Transportation and Communications:**

The increase of \$0.8 million is mainly attributed to increased travel as COVID 19 restrictions have been relaxed in 2022-23.

#### **Acquisition of machinery and equipment:**

The increase of \$0.9 million is mainly related to the timing of deliveries of computer equipment differing from year to year, in part due to less predictable supply chains.

#### **Transfer payments:**

Transfer payments increased by \$0.8 million due to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

### Significant changes to year-to-date expenditures

The year-to-date expenditures totaled \$107.2 million for a net increase of \$16.4 million (18%) when compared to \$90.8 million spent during the same period in 2021-22. Table 2 below presents budgetary expenditures by standard object.

Table 2

<b>Material Variances to Expenditures by Standard Object</b> (in thousands of dollars)	<b>YTD Expenditures as of September 30 2022</b>	<b>YTD Expenditures as of September 30 2021</b>	<b>Variance \$</b>	<b>Variance %</b>
Personnel	79,396	73,501	5,895	8%
Transportation and communications	2,728	1,491	1,237	83%
Information	2,602	1,870	732	39%
Professional and special services	13,263	9,328	3,935	42%
Rentals	4,775	1,790	2,985	167%
Repair and maintenance	120	147	(27)	(18%)
Utilities, materials and supplies	203	139	64	46%
Acquisition of machinery and equipment	2,187	2,088	99	5%
Transfer payments	1,245	-	1,245	0%
Other subsidies and payments	765	638	127	20%
<b>Total gross budgetary expenditures *</b>	<b>107,284</b>	<b>90,993</b>	<b>16,291</b>	<b>18%</b>
Less revenues netted against expenditures	(56)	(194)	138	0%
<b>Total budgetary expenditures</b>	<b>107,227</b>	<b>90,798</b>	<b>16,429</b>	<b>18%</b>

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

#### Personnel:

The overall increase of \$5.9 million in personnel spending is mainly due to activities relating to the Public Order Emergency Commission and to the creation of a dedicated secretariat for emergency preparedness in support of the Minister of Emergency Preparedness.

#### Transportation and Communications:

The increase of \$1.2 million is mainly attributed to increased travel as COVID 19 restrictions have been relaxed in 2022-23.

#### Rentals:

The increase of \$3.0 million is mainly attributed to rental of video communications equipment for the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

#### Transfer payments:

Transfer payments increased by \$1.2 million due to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

**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.

The implementation of the Phoenix pay system is also a financial risk at PCO. Salary payments can be unpredictable and are often out of PCO's control due to the centralization of the system across government. Overpayments issued by the pay-system as well as claims against the crown resulting from pay issues must be absorbed within PCO's budget. 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**

There have not been any significant changes in relation to operations, personnel and programs during the quarter.

**Approval by senior officials:**

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

Matthew Shea  
Chief Financial Officer

*Ottawa, Canada*  
*Tuesday November 29, 2022*

Privy Council Office  
Quarterly Financial Report  
For the quarter ended September 30, 2022  
STATEMENT OF AUTHORITIES (unaudited) (note 2)

*(In thousands of dollars)*

	Fiscal year 2022-2023			Fiscal year 2021-2022		
	Total available for use for the year ending March 31, 2023 (note 1)	Used during the quarter ended September 30, 2022	Year-to-date used at quarter-end	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
<b>Vote 1 - Net operating expenditures</b>	<b>205,311</b>	<b>50,782</b>	<b>96,941</b>	<b>182,769</b>	<b>41,456</b>	<b>80,714</b>
<b>Budgetary statutory authorities</b>						
Contributions to employee benefits plans	22,352	5,027	10,053	20,348	4,927	9,855
Prime Minister - Salary and motor car allowance	190	48	96	188	47	94
Leader of the Government in the House of Commons - Salary and motor car allowance	93	23	46	91	23	45
President of the King's Privy Council for Canada and the Minister of Emergency Preparedness - Salary and motor car allowance	93	23	46	-	-	-
Minister of intergovernmental Affairs, Infrastructure and Communities - Salary and motor car allowance	-	23	46	-	-	-
President of the King's Privy Council for Canada and the Minister of Intergovernmental Affairs - Salary and motor car allowance	-	-	-	91	23	45
Deputy Prime Minister and Minister of Finance - Salary and motor car allowance	-	-	-	-	(8)	-
Minister and Special Representative for the Prairies - Salary and motor car allowance	-	-	-	-	23	45
<b>Total budgetary authorities</b>	<b>228,038</b>	<b>55,926</b>	<b>107,228</b>	<b>203,486</b>	<b>46,490</b>	<b>90,798</b>
<b>TOTAL AUTHORITIES</b>	<b>228,038</b>	<b>55,926</b>	<b>107,228</b>	<b>203,486</b>	<b>46,490</b>	<b>90,798</b>

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

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



**ANNEX B**

**Privy Council Office  
Quarterly Financial Report  
For the quarter ended September 30, 2022  
Departmental budgetary expenditures by Standard Object (unaudited) (note 2)**

	Fiscal year 2022-2023			Fiscal year 2021-2022		
	Planned expenditures for the year ending March 31, 2023 (note 1)	Expended during the quarter ended September 30, 2022	Year-to-date used at quarter-end	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
<i>(In thousands of dollars)</i>						
<b>Budgetary expenditures</b>						
Personnel	171,169	40,916	79,396	161,514	37,236	73,501
Transportation and communications	3,926	1,517	2,728	4,105	725	1,491
Information	4,636	1,263	2,602	3,466	896	1,870
Professional and special services	28,907	8,622	13,263	26,504	6,190	9,328
Rentals	6,452	1,364	4,775	2,138	953	1,790
Repair and maintenance	3,135	29	120	3,289	72	147
Utilities, materials and supplies	548	93	203	717	85	139
Acquisition of machinery and equipment	12,970	1,162	2,187	8,410	240	2,088
Transfer payments	443	834	1,245	-	-	-
Other subsidies and payments	1,296	180	765	-	286	638
<b>Total gross budgetary expenditures</b>	<b>233,482</b>	<b>55,981</b>	<b>107,284</b>	<b>210,143</b>	<b>46,683</b>	<b>90,993</b>
<b>Less revenues netted against expenditures</b>						
Revenues	(5,444)	(55)	(56)	(6,657)	(193)	(194)
<b>Total revenues netted against expenditures</b>	<b>(5,444)</b>	<b>(55)</b>	<b>(56)</b>	<b>(6,657)</b>	<b>(193)</b>	<b>(194)</b>
<b>TOTAL BUDGETARY EXPENDITURES</b>	<b>228,038</b>	<b>55,926</b>	<b>107,228</b>	<b>203,486</b>	<b>46,490</b>	<b>90,798</b>

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

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