

Privy Council Office

Quarterly Financial Report

Statement outlining results, risks and significant changes in operations, personnel and programs
For the quarter ended June 30, 2023

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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, Supplementary Estimates (A) 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 2023-24 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 statements¹ that are part of the departmental performance reporting process. The spending authorities voted by Parliament remain on an expenditure basis.

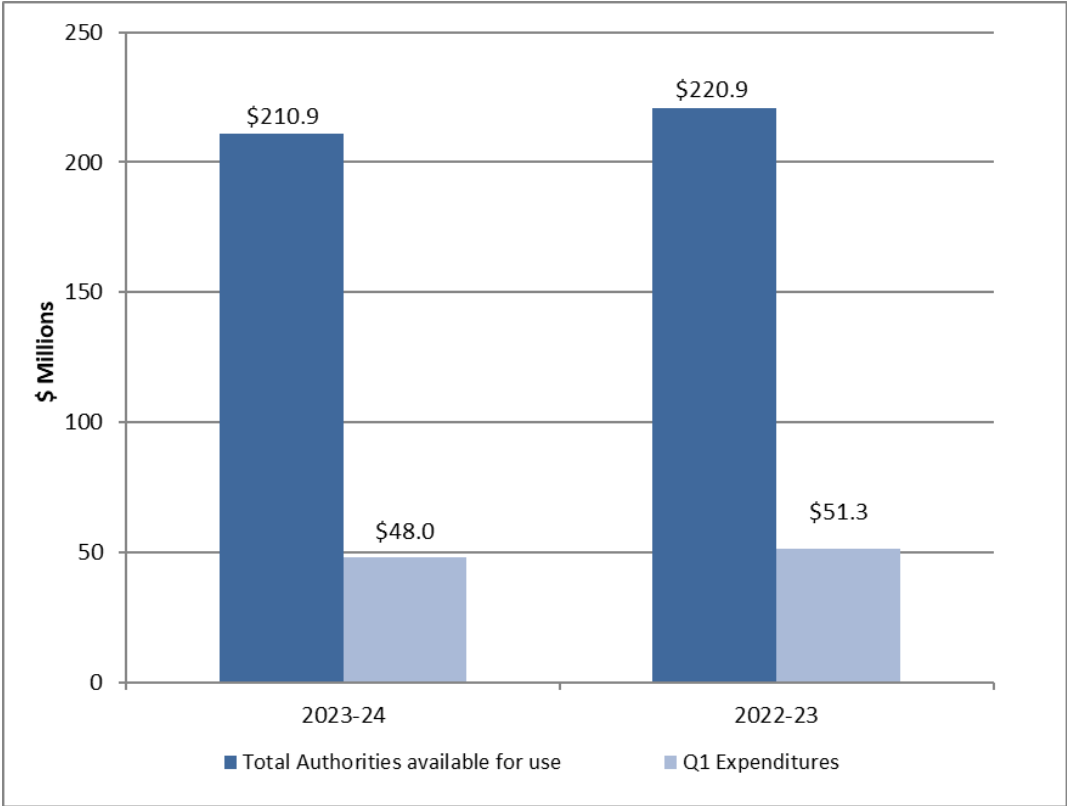
¹ The notes to the annual departmental financial statements include a reconciliation between full accrual results and spending authorities.

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 June 30, 2023.

PCO spent approximately 23% of its authorities available for use by the end of the first quarter, similar to 23% in the same quarter of 2022-23 (see graph 1 below).

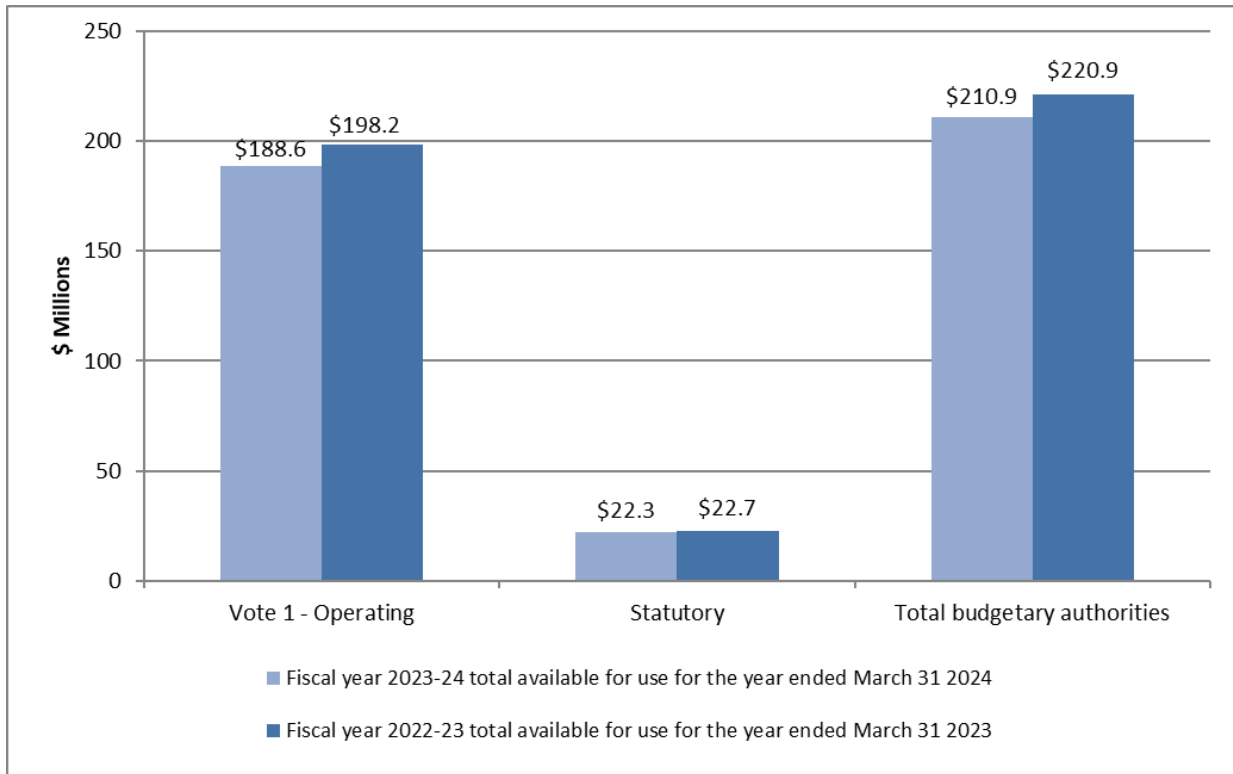
Graph 1: Comparison of Total Authorities Available For Use and Total Net Budgetary Expenditures as of Q1 2023-24 and 2022-23



Significant changes to authorities

Further to graph 2 below and Annex A, presented at the end of this document, as at June 30, 2023 PCO has authorities available for use of \$210.9 million in 2023-24 compared to \$220.9 million as of June 30, 2022, for a net decrease of \$10 million or 5%. The net decrease in authorities of \$10 million is mainly explained by sunset funding for the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy and for the Public Order Emergency Commission. Commissions of Inquiry are independent organizations but are reported under PCO’s financial statements. These are partially offset by an increase in funding to counter disinformation and protect Canada’s democracy and funding to strengthen internal trade.

Graph 2: Variance in Authorities as at June 30, 2023



Significant changes to quarter expenditures

Year-to-date net expenditures recorded to the end of the first quarter decreased by \$3.3 million, or 6%, from the same period of the previous year (from \$51.3 million for 2022-23 to \$48.0 million for 2023-24). Table 1 below presents budgetary expenditures by standard object.

Table 1

Material Variances to Expenditures by Standard Object (in thousands of dollars)	Fiscal year 2023-24 Expended during the quarter ended 30-June-2023	Fiscal year 2022-23 Expended during the quarter ended 30-June-2022	Variance \$	Variance %
Personnel	40,176	38,480	1,696	4%
Transportation and communications	1,117	1,211	(94)	(8%)
Information	1,059	1,338	(279)	(21%)
Professional and special services	5,088	4,640	448	10%
Rentals	1,596	3,411	(1,815)	(53%)
Repair and maintenance	80	90	(10)	(11%)
Utilities, materials and supplies	74	110	(36)	(33%)
Acquisition of machinery and equipment	808	1,025	(217)	(21%)
Transfer payments	42	411	(369)	(90%)
Other subsidies and payments	342	585	(243)	(42%)
Total gross budgetary expenditures	50,380	51,303	(923)	(2%)
Less revenues netted against expenditures	(2,330)	-	(2,330)	0%
Total net budgetary expenditures *	48,049	51,303	(3,254)	(6%)

*Details may not add to totals due to rounding

Personnel:

The overall increase of \$1.7 million in personnel spending is mainly due to the creation of a dedicated secretariat at the Privy Council Office for emergency preparedness in support of the Minister of Emergency Preparedness, additional staff to enhance departmental capacity and compensation adjustments related to pay rate increase.

Rentals:

The decrease of \$1.8 million is mainly due to a reduction in the rental of video communications equipment and meeting rooms related to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy, as core activities were completed in May 2023, and the timing of invoicing for software licensing.

Transfer payments:

Transfer payments decreased by \$0.4 million as the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy completed its core activities in May 2023.

Revenues Netted Against Expenditures:

The increase of \$2.3 million for vote netted revenue is due to the timing of billings for internal services such as financial management, human resources and information technology services for the Secure Communications for National Leadership initiative provided to other departments.

Risks and uncertainties

The dominant financial risks to PCO lie in the need to reallocate departmental resources to deal with issues that may 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 has identified other key risks that could have an impact on the achievement of its mandate and its financial situation. These risks revolve around areas such as cybersecurity and information management; the increasing horizontality, complexity and scope of the work done at PCO; and the recruitment and retention of employees.

The department will continue to effectively manage its existing and emerging risks through cooperation, engagement, and sharing of expertise and best practices with other federal departments and agencies, provincial and territorial governments, as well as stakeholders, community partners and international counterparts.

PCO has a leadership role and is a key purveyor of public service culture. By leveraging technology and implementing effective business continuity plans, PCO, as a central agency and policy department and a knowledge-based organization, will be able to capitalize on opportunities, while responding to and mitigating potential adverse impacts on the Government's capacity to protect and advance Canada's domestic and international interests.

Significant changes in relation to operations, personnel and programs

Operations and Programs

On April 5, 2023, the Government of Canada established the Independent Special Rapporteur as part of a series of measures to take further action on foreign interference and strengthen Canadians' confidence in democracy. On June 9, 2023, the Independent Special Rapporteur announced his resignation, with his work ceasing upon submission of his final briefing, no later than June 30, 2023. On May 31, 2023, the Government of Canada announced the role of Deputy National Security and Intelligence Advisor (DNSIA) within the NSIA branch. This role was created to better support the Government's objectives and to help support the NSIA in her role of providing advice on broader, strategic issues, while ensuring operational issues are being well managed under the leadership of the DNSIA.

Personnel

In June 2023, Stephen de Boer, previously Assistant Deputy Minister (International Affairs Branch, Environment and Climate Change Canada), was appointed Foreign and Defence Policy Advisor to the Prime Minister, Privy Council Office. Tushara Williams, previously Associate Assistant Deputy Minister (Department of Finance Canada), was appointed the Deputy Minister of Intergovernmental Affairs, Privy Council Office. Daniel Rogers, previously the Deputy Secretary to the Cabinet (Emergency Preparedness and COVID Recovery, Privy Council Office), has assumed the role of Deputy National Security and Intelligence Advisor to the Prime Minister and Deputy Secretary to the Cabinet (Emergency Preparedness), Privy Council Office. Janice Charette, former Clerk of the Privy Council and Secretary to the Cabinet, announced her retirement from the Public Service. John Hannaford was appointed as the incoming Clerk of the Privy Council and Secretary to the Cabinet.

Approval by senior officials:

John Hannaford

Clerk of the Privy Council and Secretary to
the Cabinet

Matthew Shea

Assistant Secretary to the Cabinet,
Ministerial Services and Corporate Affairs
and Chief Financial Officer

Ottawa, Canada

Thursday, August 24, 2023

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STATEMENT OF AUTHORITIES (unaudited) (note 2)

	Fiscal year 2023-2024			Fiscal year 2022-2023		
	Total available for use for the year ending March 31, 2024 (note 1)	Used during the quarter ended June 30, 2023	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2023 (note 1)	Used during the quarter ended June 30, 2022	Year-to-date used at quarter-end
<i>(In thousands of dollars)</i>						
Vote 1 - Net operating expenditures	188,648	42,453	42,453	198,210	46,159	46,159
Budgetary statutory authorities						
Contributions to employee benefits plans	21,906	5,477	5,477	22,352	5,026	5,026
Prime Minister - Salary and motor car allowance	194	49	49	190	48	48
Leader of the Government in the House of Commons - Salary and motor car allowance	95	24	24	93	23	23
President of the King's Privy Council for Canada and the Minister of Emergency Preparedness - Salary and motor car allowance	95	24	24	93	23	23
Minister of Intergovernmental Affairs, Infrastructure and Communities - Salary and motor car allowance	-	24	24	-	23	23
Total budgetary authorities	210,937	48,049	48,049	220,937	51,303	51,303
TOTAL AUTHORITIES	210,937	48,049	48,049	220,937	51,303	51,303

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

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DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT (unaudited) (note 2)

(In thousands of dollars)

	Fiscal year 2023-2024			Fiscal year 2022-2023		
	Planned expenditures for the year ending March 31, 2024 (note 1)	Expended during the quarter ended June 30, 2023	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2023 (note 1)	Expended during the quarter ended June 30, 2022	Year-to-date used at quarter-end
Budgetary expenditures						
Personnel	166,409	40,176	40,176	165,085	38,480	38,480
Transportation and communications	4,997	1,117	1,117	3,926	1,211	1,211
Information	4,133	1,059	1,059	4,636	1,338	1,338
Professional and special services	23,687	5,088	5,088	27,889	4,640	4,640
Rentals	6,104	1,596	1,596	6,452	3,411	3,411
Repair and maintenance	2,029	80	80	3,135	90	90
Utilities, materials and supplies	444	74	74	548	110	110
Acquisition of machinery and equipment	11,637	808	808	12,970	1,025	1,025
Transfer payments	-	42	42	443	411	411
Other subsidies and payments	-	342	342	1,296	585	585
Total gross budgetary expenditures	219,440	50,380	50,380	226,381	51,303	51,303
Less revenues netted against expenditures						
Revenues (note 3)	(8,502)	(2,330)	(2,330)	(5,444)	-	-
Total revenues netted against expenditures	(8,502)	(2,330)	(2,330)	(5,444)	-	-
TOTAL NET BUDGETARY EXPENDITURES	210,937	48,049	48,049	220,937	51,303	51,303

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.

Note 3: PCO's revenues are sourced from the provision of intelligence analysis training and the provision of internal support services to other departments.