

# Privy Council Office

## Quarterly Financial Report

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

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### Introduction

This quarterly report has been prepared 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 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.

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.

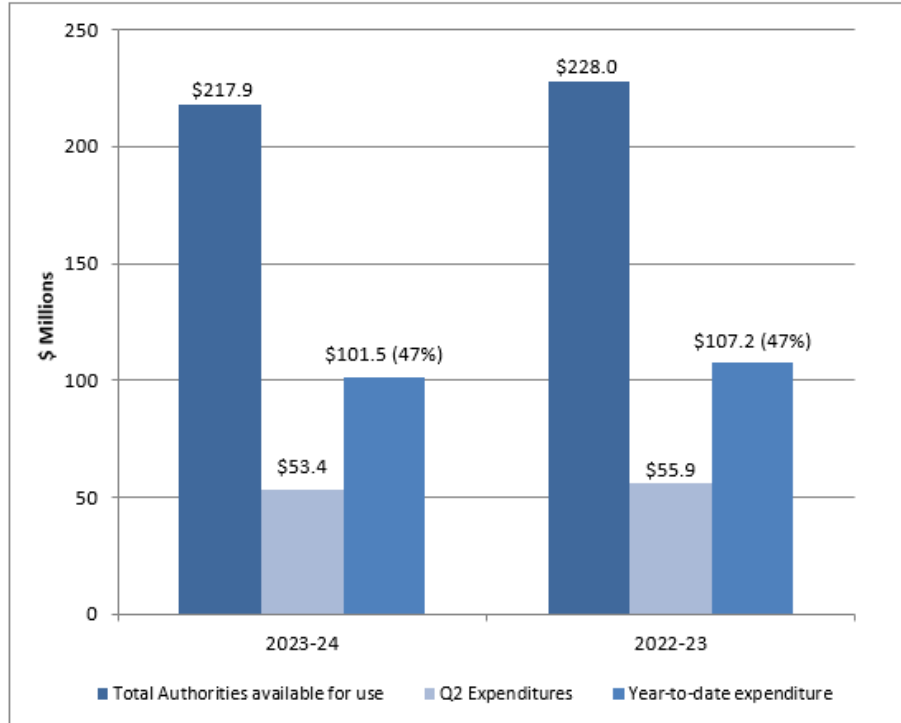
<sup>1</sup>The notes to the annual departmental financial statements include a reconciliation between full accrual results and spending authorities.

## 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, 2023.

PCO spent approximately 47% of its authorities available for use by the end of the second quarter, which is comparable to the same quarter of 2022-23 (see graph 1 below).

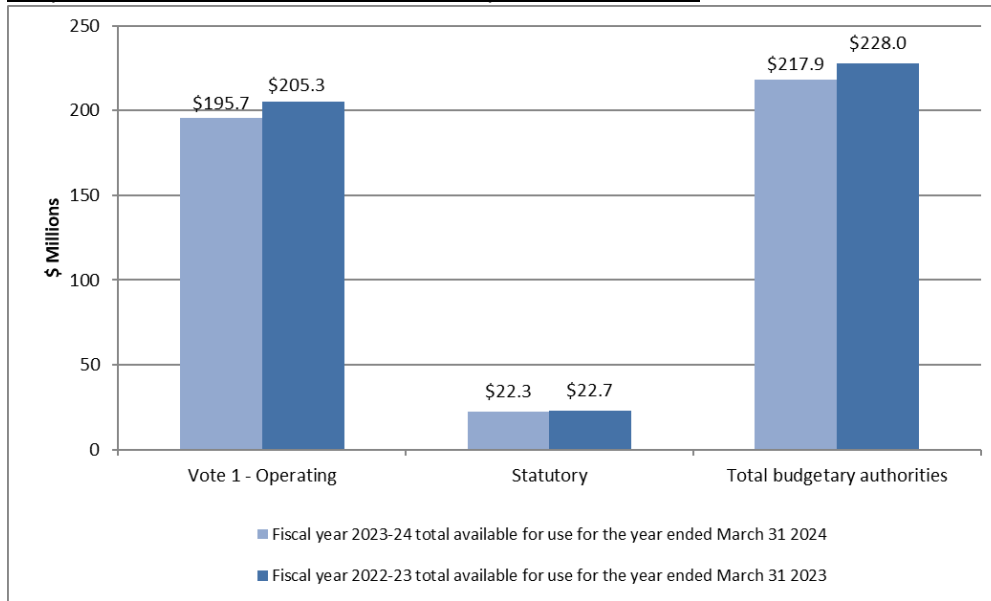
Graph 1: Comparison of Total Authorities Available For Use and Total Net Budgetary Expenditures as of Q2 2023-24 and 2022-23



### Significant changes to authorities

Further to graph 2 below and Annex A, presented at the end of this document, as at September 30, 2023 PCO has authorities available for use of \$217.9 million in 2023-24 compared to \$228.0 million as of September 30, 2022, for a net decrease of \$10.1 million or 4%. The net decrease in authorities of \$10.1 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, protect Canada's democracy, and enhance departmental capacity for urgent priorities, as well as funding to strengthen internal trade.

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



## Significant changes to quarter expenditures

The second quarter expenditures totaled \$53.4 million for a net decrease of \$2.5 million (4%) when compared to \$55.9 million spent during the same period in 2022-23. 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 2023-24 Expended during the quarter ended 30-September-2023</b>	<b>Fiscal year 2022-23 Expended during the quarter ended 30-September-2022</b>	<b>Variance \$</b>	<b>Variance %</b>
Personnel	45,564	40,916	4,648	11%
Transportation and communications	1,518	1,517	1	0%
Information	832	1,263	(431)	(34%)
Professional and special services	5,363	8,622	(3,259)	(38%)
Rentals	636	1,364	(728)	(53%)
Repair and maintenance	203	29	174	600%
Utilities, materials and supplies	374	93	281	302%
Acquisition of machinery and equipment	766	1,162	(396)	(34%)
Transfer payments	0	834	(834)	(100%)
Other subsidies and payments	201	180	21	12%
<b>Total gross budgetary expenditures</b>	<b>55,457</b>	<b>55,981</b>	<b>(524)</b>	<b>(1%)</b>
Less revenues netted against expenditures	(2,046)	(55)	(1,991)	3620%
<b>Total net budgetary expenditures *</b>	<b>53,411</b>	<b>55,926</b>	<b>(2,515)</b>	<b>(4%)</b>

\* Details may not add to totals due to rounding

### Personnel:

The overall increase of \$4.6 million in personnel spending is mainly due to compensation adjustments related to pay rate increases, additional staff to enhance departmental capacity, and timing of salary recoveries from other government departments.

### Professional and special services:

The decrease of \$3.3 million in professional and special services is mainly attributed to reduced legal expenses stemming from the completion of the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy and to the Public Order Emergency Commission. This was partially offset by an increase in legal services for the Independent Special Rapporteur.

### Transfer payments:

Transfer payments decreased by \$0.8 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 \$2.0 million for vote netted revenue is mainly 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.

**Significant changes to year-to-date expenditures**

The year-to-date expenditures totaled \$101.5 million for a net decrease of \$5.8 million (5%) when compared to \$107.2 million spent during the same period in 2022-23. Table 2 below presents budgetary expenditures by standard object.

Table 2

<b>Material Variances to Expenditures by Standard Object</b>	<b>Fiscal year 2023-24 YTD Expenditures as of September 30 2023</b>	<b>Fiscal year 2022-23 YTD Expenditures as of September 30 2022</b>	<b>Variance \$</b>	<b>Variance %</b>
(in thousands of dollars)				
Personnel	85,740	79,396	6,344	8%
Transportation and communications	2,635	2,728	(93)	(3%)
Information	1,891	2,602	(711)	(27%)
Professional and special services	10,451	13,263	(2,812)	(21%)
Rentals	2,232	4,775	(2,543)	(53%)
Repair and maintenance	282	120	162	135%
Utilities, materials and supplies	447	203	244	120%
Acquisition of machinery and equipment	1,574	2,187	(613)	(28%)
Transfer payments	42	1,245	(1,203)	(97%)
Other subsidies and payments	543	765	(222)	(29%)
<b>Total gross budgetary expenditures</b>	<b>105,837</b>	<b>107,284</b>	<b>(1,447)</b>	<b>(1%)</b>
Less revenues netted against expenditures	(4,377)	(56)	(4,320)	7714%
<b>Total net budgetary expenditures *</b>	<b>101,460</b>	<b>107,228</b>	<b>(5,767)</b>	<b>(5%)</b>

\* Details may not add to totals due to rounding

**Personnel:**

The overall increase of \$6.3 million in personnel spending is mainly due to compensation adjustments related to pay rate increases, additional staff to enhance departmental capacity, the creation of a dedicated secretariat at the Privy Council Office for emergency preparedness in support of the Minister of Emergency Preparedness, and timing of salary recoveries from other government departments.

**Professional services and special services:**

The decrease of \$2.8 million in professional and special services is mainly attributed to reduced legal expenses stemming from the completion of the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy and to the Public Order Emergency Commission. This was partially offset by an increase in legal services for the Independent Special Rapporteur.

**Rentals:**

The decrease of \$2.5 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 \$1.2 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 \$4.3 million for vote netted revenue is mainly 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 principal 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.

As a central agency, PCO has a leadership role in public service culture. By leveraging our position, PCO 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 September 7, 2023, the Government of Canada announced the establishment of a Public Inquiry into Foreign Interference in Federal Electoral Processes and Democratic Institutions to examine and assess interference by China, Russia and other foreign states or nonstate actors; assess the capacity of federal entities to detect, deter and counter foreign interference targeting Canada's democratic processes; and make any recommendations deemed appropriate to better protect Canada's democratic processes from foreign interference. Commissions of Inquiry are established by the Governor in Council (Cabinet) to fully and impartially investigate issues of national importance.

**Personnel**

In July 2023, Michael Vandergrift, previously Deputy Secretary to the Cabinet (Plans and Consultations), was appointed Deputy Minister of Natural Resources. Mollie Johnson, previously Associate Deputy Minister of Natural Resources and concurrently Special Advisor to the Clerk on Decarbonization, was appointed Deputy Secretary to the Cabinet (Plans and Consultations). In August 2023, Paul Halucha, previously Associate Deputy Minister of Environment and Climate Change, was appointed Deputy Secretary to the Cabinet (Clean Growth). In September 2023, Dr. Brenda Dogbey joined PCO as the department's Chief Diversity Officer.

**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*  
*Wednesday November 29, 2023*



Privy Council Office  
 Quarterly Financial Report  
 For the quarter ended September 30, 2023  
 STATEMENT OF AUTHORITIES (unaudited) (note 2)

*(In thousands of dollars)*

	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 September 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 September 30, 2022	Year-to-date used at quarter-end
<b>Vote 1 - Net operating expenditures</b>	<b>195,654</b>	<b>47,885</b>	<b>90,338</b>	<b>205,311</b>	<b>50,782</b>	<b>96,941</b>
<b>Budgetary statutory authorities</b>						
Contributions to employee benefits plans	21,906	5,477	10,953	22,352	5,027	10,053
Prime Minister - Salary and motor car allowance	194	49	98	190	48	96
Leader of the Government in the House of Commons - Salary and motor car allowance	95	16	40	93	23	46
President of the King's Privy Council for Canada and the Minister of Emergency Preparedness - Salary and motor car allowance	-	8	32	93	23	46
President of the King's Privy Council for Canada and the Minister of Emergency Preparedness and Minister responsible for the Pacific Economic Development Agency of Canada - Salary and motor car allowance	95	-	-	-	-	-
Minister of Intergovernmental Affairs, Infrastructure and Communities - Salary and motor car allowance	-	(24)	-	-	23	46
<b>Total budgetary authorities</b>	<b>217,944</b>	<b>53,411</b>	<b>101,460</b>	<b>228,038</b>	<b>55,926</b>	<b>107,228</b>
<b>TOTAL AUTHORITIES</b>	<b>217,944</b>	<b>53,411</b>	<b>101,460</b>	<b>228,038</b>	<b>55,926</b>	<b>107,228</b>

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

Privy Council Office  
 Quarterly Financial Report  
 For the quarter ended September 30, 2023  
 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 September 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 September 30, 2022	Year-to-date used at quarter-end
<b>Budgetary expenditures</b>						
Personnel	173,226	45,564	85,740	171,169	40,916	79,396
Transportation and communications	5,029	1,518	2,635	3,926	1,517	2,728
Information	4,159	832	1,891	4,636	1,263	2,602
Professional and special services	23,687	5,363	10,451	28,907	8,622	13,263
Rentals	6,143	636	2,232	6,452	1,364	4,775
Repair and maintenance	2,042	203	282	3,135	29	120
Utilities, materials and supplies	447	374	447	548	93	203
Acquisition of machinery and equipment	11,712	766	1,574	12,970	1,162	2,187
Transfer payments	-	0	42	443	834	1,245
Other subsidies and payments	-	201	543	1,296	180	765
<b>Total gross budgetary expenditures</b>	<b>226,446</b>	<b>55,457</b>	<b>105,837</b>	<b>233,482</b>	<b>55,981</b>	<b>107,284</b>
<b>Less revenues netted against expenditures</b>						
Revenues	(8,502)	(2,046)	(4,377)	(5,444)	(55)	(56)
<b>Total revenues netted against expenditures</b>	<b>(8,502)</b>	<b>(2,046)</b>	<b>(4,377)</b>	<b>(5,444)</b>	<b>(55)</b>	<b>(56)</b>
<b>TOTAL BUDGETARY EXPENDITURES</b>	<b>217,944</b>	<b>53,411</b>	<b>101,460</b>	<b>228,038</b>	<b>55,926</b>	<b>107,228</b>

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