



Government of Canada  
Privy Council Office

Gouvernement du Canada  
Bureau du Conseil privé

Canada

# PRIVY COUNCIL OFFICE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2025



**PCO Financial Statements for the year ended March 31, 2025.**

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# PRIVY COUNCIL OFFICE

## Statement of Management Responsibility Including Internal Control over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2025, and all information contained in these financial statements rests with the management of the Privy Council Office. These financial statements have been prepared by management using the Government of Canada'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 Privy Council Office's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the Privy Council Office's Departmental Results Report, 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 Privy Council 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. A risk-based assessment of the system of ICFR for the year ended March 31, 2025 was completed in accordance with the Treasury Board Policy on Financial Management and the results and action plans are summarized in the annex.

Privy Council Office's system of internal controls is reviewed by the Departmental Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The financial statements of the Privy Council Office have not been audited.

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Michael Sabia  
Clerk of the Privy Council and Secretary to the Cabinet

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Matthew Shea  
Chief Financial Officer

Ottawa, Canada  
September 16, 2025

# PRIVY COUNCIL OFFICE

## Statement of Financial Position (Unaudited)

As at March 31

(in thousands of dollars)	2025	2024
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	33,398	30,152
Vacation pay and compensatory leave	16,593	16,153
Employee future benefits (Note 6b)	4,630	3,515
<b>Total net liabilities</b>	<b>54,621</b>	<b>49,820</b>
<b>Assets</b>		
<b>Financial assets</b>		
Due from Consolidated Revenue Fund	31,825	27,347
Accounts receivable and advances (Note 7)	4,495	5,504
<b>Total net financial assets</b>	<b>36,320</b>	<b>32,851</b>
<b>Departmental net debt</b>	<b>18,301</b>	<b>16,969</b>
<b>Non-financial assets</b>		
Prepaid expenses	393	514
Inventory (Note 9)	374	275
Tangible capital assets (Note 10)	25,532	26,568
<b>Total non-financial assets</b>	<b>26,299</b>	<b>27,357</b>
<b>Departmental net financial position</b>	<b>7,998</b>	<b>10,388</b>

Contractual obligations (Note 11)

The accompanying notes form an integral part of these financial statements.

Michael Sabia  
Clerk of the Privy Council and Secretary to the Cabinet

Matthew Shea  
Chief Financial Officer

Ottawa, Canada  
September 16, 2025

# PRIVY COUNCIL OFFICE

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

For the Year Ended March 31

(in thousands of dollars)	2025	2025	2024
	Planned Results	Actual	Actual
<b>Expenses</b>			
Serve the Prime Minister and Cabinet	164,147	148,184	134,067
Internal services	121,760	152,913	158,657
<b>Total expenses</b>	<b>285,907</b>	<b>301,097</b>	<b>292,724</b>
<b>Revenues</b>			
Miscellaneous revenues	8,628	8,326	7,608
Revenues earned on behalf of Government	(24)	(18)	(28)
<b>Total revenues</b>	<b>8,604</b>	<b>8,308</b>	<b>7,580</b>
<b>Net cost of operations</b>	<b>277,303</b>	<b>292,789</b>	<b>285,144</b>
<b>Net cost of operations before government funding and transfers</b>	<b>277,303</b>	<b>292,789</b>	<b>285,144</b>
<b>Government funding and transfers</b>			
Net cash provided by Government of Canada		251,377	238,727
Change in due from Consolidated Revenue Fund		4,478	4,589
Services provided without charge by other government departments (Note 12a)		34,748	35,075
Transfer of overpayments		(204)	137
Other transfers of assets and liabilities (to) / from other government departments		-	(76)
<b>Net cost of operations after government funding and transfers</b>		<b>2,390</b>	<b>6,692</b>
<b>Departmental net financial position - Beginning of year</b>		<b>10,388</b>	<b>17,080</b>
<b>Departmental net financial position - End of year</b>		<b>7,998</b>	<b>10,388</b>

Segmented information (Note 14)

The accompanying notes form an integral part of these financial statements.

# PRIVY COUNCIL OFFICE

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

For the Year Ended March 31

<b>(in thousands of dollars)</b>	<b>2025</b>	<b>2024</b>
	Actual	Actual
<b>Net cost of operations after government funding and transfers</b>	<b>2,390</b>	<b>6,692</b>
<b>Change due to tangible capital assets</b>		
Acquisition of tangible capital assets	4,217	1,097
Amortization of tangible capital assets	(5,252)	(5,643)
Proceeds from disposal of tangible capital assets	(6)	(17)
Net (loss) or gain on disposal of tangible capital assets including adjustments	4	12
Transfer from other government departments	-	112
Transfer to other government departments	-	(36)
<b>Total change due to tangible capital assets</b>	<b>(1,037)</b>	<b>(4,475)</b>
<b>Change due to inventory</b>	<b>99</b>	<b>(3)</b>
<b>Change due to prepaid expenses</b>	<b>(121)</b>	<b>(481)</b>
<b>Increase (decrease) in departmental net debt</b>	<b>1,331</b>	<b>1,733</b>
<b>Departmental net debt - Beginning of year</b>	<b>16,969</b>	<b>15,236</b>
<b>Departmental net debt - End of year</b>	<b>18,300</b>	<b>16,969</b>

The accompanying notes form an integral part of these financial statements.

# PRIVY COUNCIL OFFICE

## Statement of Cash Flow (Unaudited)

For the Year Ended March 31

(in thousands of dollars)	2025	2024
<b>Operating activities</b>		
Net cost of operations before government funding and transfers	292,789	285,144
Non-cash items:		
Amortization of tangible capital assets	(5,252)	(5,643)
Gain (loss) on disposal of tangible capital assets	4	12
Services provided without charge by other government departments (Note 12a)	(34,748)	(35,075)
Transfer of overpayments	204	(137)
Transfer to other government departments	-	76
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	(1,009)	(1,967)
Increase (decrease) in prepaid expenses	(121)	(481)
Increase (decrease) in inventory	99	(3)
Decrease (increase) in accounts payable and accrued liabilities	(3,246)	(3,031)
Decrease (increase) in vacation pay and compensatory leave	(440)	(1,368)
Decrease (increase) in future employee benefits	(1,114)	44
Transfer of liabilities to other government departments	-	76
<b>Cash used in operating activities</b>	<b>247,166</b>	<b>237,647</b>
<b>Capital investing activities</b>		
Acquisitions of tangible capital assets (Note 10)	4,217	1,097
Proceeds from disposal of tangible capital assets	(6)	(17)
<b>Cash used in capital investing activities</b>	<b>4,211</b>	<b>1,080</b>
<b>Net cash provided by Government of Canada</b>	<b>251,377</b>	<b>238,727</b>

The accompanying notes form an integral part of these financial statements.

# PRIVY COUNCIL OFFICE

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

### 1. Authority and objectives

Privy Council Office (PCO) is a division of the federal public administration as set out in column 1 of Schedule I.1 of the *Financial Administration Act* and reports to Parliament through the Prime Minister.

PCO reports directly to the Prime Minister and is headed by the Clerk of the Privy Council and Secretary to the Cabinet. The Clerk is also the Head of the Public Service. The mandate of PCO is to serve Canada and Canadians by providing professional, non-partisan advice and support to the Prime Minister, the Deputy Prime Minister and Minister of Finance, Portfolio Ministers, Cabinet, and Cabinet committees by ensuring that the Cabinet decision-making process runs smoothly to help implement the Government's agenda and by fostering an effective, inclusive and innovative Public Service.

Commissions of inquiry established under the *Inquiries Act* are designated as departments under the *Financial Administration Act* and the Prime Minister is designated as the "appropriate Minister" under that same Act. PCO provides administrative and financial management support to commissions of inquiry. There is one active commission in 2024-25: the Public Inquiry into Foreign Interference in Federal Electoral Processes and Democratic Institutions.

To achieve its strategic outcome and deliver results for Canadians, PCO articulates its plans and priorities based on the core programs included below.

#### **Serve the Prime Minister and Cabinet**

To deliver analysis, advice and support to the Prime Minister, the Deputy Prime Minister and Ministers of the Portfolio including non-partisan advice and information from across the Public Service resulting from consultations and collaboration with international and domestic sources inside and outside government.

To act as secretariat to the Cabinet and its committees including managing the Cabinet's decision-making system, coordinate departmental policy proposals to Cabinet, schedule and provide support services for meetings of Cabinet and Cabinet committees, advance the Government's agenda across federal departments and agencies, and provide administrative services to the Prime Minister's Office, the Deputy Prime Minister's Office, Portfolio Ministers, and Commissions of Inquiry.

To lead and renew the Public Service in order to advise the Government in implementing its agenda, foster healthy workplaces that promote diversity and inclusion, and deliver services and results to Canadians.

#### **Internal Services**

Internal Services are the services that are provided within a department so that it can meet its corporate obligations and deliver its programs. There are 10 categories of internal services:

- management and oversight services
- communications services
- legal services
- human resource management services
- financial management services
- information management services
- information technology services
- real property management services
- materiel management services
- acquisition management services

### 2. Summary of significant accounting policies

These financial statements are prepared using the department's 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.

# PRIVY COUNCIL OFFICE

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

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

Significant accounting policies are as follows:

#### (a) Parliamentary authorities

The Privy Council Office is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Privy Council 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 Departmental Net Financial Position and in 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. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the 2024-2025 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2024-2025 Departmental Plan.

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

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

#### (c) Amounts due from or to the CRF

Amounts due from or to 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 Privy Council Office is entitled to draw from the CRF without further authorities to discharge its liabilities.

#### (d) Revenues

Revenues are comprised of revenues earned from non-tax sources. They include exchange transactions where goods or services are provided for consideration where a performance obligation exists, and non-exchange transactions where no performance obligations exist to provide a good or service. These transactions can be recurring or non-recurring in nature. Recurring transactions are viewed as ongoing, routine activities that form part of the normal course of operations and can be used to indicate if they can be reasonably expected to be earned again in future years.

Revenues that are non-respondable are not available to discharge the department's liabilities. While the Clerk of the Privy Council and Secretary to the Cabinet is expected to maintain accounting control, he or she has no authority regarding the disposition of non-respondable revenues. As a result, non-respondable revenues are earned on behalf of the Government of Canada and are therefore presented as a reduction of the entity's gross revenues. Revenues earned on behalf of Government consist of the sale of services and gains on the sale of assets. These are recognized when earned.

#### (e) Expenses

Transfer payments are recorded as an expense in the year the transfer is authorized, and all eligibility criteria have been met by the recipient. 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, legal services and workers' compensation are recorded as operating expenses at their carrying value.

# PRIVY COUNCIL OFFICE

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

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

#### (f) Employee future benefits

##### i. Pension benefits

Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. The Privy Council Office's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The Privy Council 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.

##### ii. Severance benefits

The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

#### (g) Financial instruments

A contract establishing a financial instrument creates, at its inception, rights, and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The Privy Council Office recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of accounts receivable, accounts payable and accrued liabilities.

All financial assets and liabilities are recorded at cost or amortized cost. Any associated transaction costs are added to the carrying value upon initial recognition.

See Note 8 Risk Management for risks related to the Department's financial instruments

Accounts receivable are initially recorded at cost and, where necessary, an allowance for valuation is recorded to reduce the carrying value of accounts receivable to amounts that approximate their net recoverable value.

#### (h) Non-financial assets

The costs of acquiring land, buildings, equipment, and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described in Note 10. All tangible capital assets and leasehold improvements having an initial cost of \$5,000 or more are recorded at their acquisition cost. Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*, works of art, museum collection and Crown land to which no acquisition cost is attributable, and intangible assets.

Inventories are valued at cost and are comprised of spare parts and supplies held for future program delivery and are not primarily intended for resale. Inventories that no longer have service potential are valued at the lower of cost or net realizable value.

#### (i) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are contingent liabilities, 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.

# PRIVY COUNCIL OFFICE

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

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

**(j) Related party transactions**

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

- i. Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.
- ii. Certain services received on a without charge basis are recorded for departmental financial statement purposes at the carrying amount.

# PRIVY COUNCIL OFFICE

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

### 3. Parliamentary authorities

The Privy Council 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 Privy Council 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 thousands of dollars)	2025	2024
Net cost of operations before government funding and transfers	292,789	285,144
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(5,252)	(5,643)
Gain (loss) on disposal of tangible capital assets	4	12
Services provided without charge by other government departments	(34,748)	(35,075)
Decrease / (increase) in vacation pay and compensatory leave	(440)	(1,368)
Decrease / (increase) in employee future benefits	(1,114)	44
Bad debt expense	(2)	33
Decrease / (increase) in accrued liabilities not charged to authorities	(4,718)	-
Refund of prior years' expenditures	883	101
Total items affecting net cost of operations but not affecting authorities	(45,387)	(41,896)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	4,217	1,097
Proceeds from disposal of tangible capital assets	(6)	(17)
(Gain) loss on foreign exchange	(4)	(2)
Increase / (decrease) in inventory	99	(3)
Increase / (decrease) in prepaid expenses	(121)	(481)
Accounts receivable and advances	157	130
Total items not affecting net cost of operations but affecting authorities	4,342	724
<b>Current year authorities used</b>	<b>251,744</b>	<b>243,972</b>

#### (b) Authorities provided and used

(in thousands of dollars)	2025	2024
<b>Authorities provided:</b>		
Vote 1 - Operating expenditures	238,435	227,115
Statutory amounts	24,515	24,605
<b>Less:</b>		
Authorities available for future years	(13)	(2)
Lapsed: Operating	(11,193)	(7,746)
<b>Current year authorities used</b>	<b>251,744</b>	<b>243,972</b>

# PRIVY COUNCIL OFFICE

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

### 4. Accounts payable and accrued liabilities

The following table presents details of PCO's accounts payable and accrued liabilities.

(in thousands of dollars)	2025	2024
Accounts payable - Other government departments and agencies	4,523	5,894
Accounts payable - External parties	28,068	23,342
Total accounts payable	32,591	29,236
Accrued liabilities	807	916
<b>Total accounts payable and accrued liabilities</b>	<b>33,398</b>	<b>30,152</b>

### 5. Revenues

The Privy Council Office has the following major types of revenues; miscellaneous revenues, and revenues earned on behalf of the Government. Miscellaneous revenues include services of a non-regulatory nature, the sale of goods and information products and services to other government departments. These are recorded when performance obligations are satisfied.

#### a) Disaggregate revenues

(in thousands of dollars)	2025	2024
<b>Revenues</b>		
Miscellaneous		
Services of a non-regulatory nature (exchange)	175	205
Sales of goods and information products (exchange)	832	882
Services to other government departments (exchange)	7,301	6,493
Other fees and charges (exchange and non-exchange)	18	28
Total miscellaneous	8,326	7,608
Revenues earned on behalf of the Government (exchange and non-exchange)	(18)	(28)
<b>Total Revenues</b>	<b>8,308</b>	<b>7,580</b>

# PRIVY COUNCIL OFFICE

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

### 6. Employee future benefits

#### (a) Pension benefits

The Privy Council 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 employer (the Privy Council 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 related 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 2024-25 expense amounts to \$22,056,905 (\$21,634,238 in 2023-24). For Group 1 members, the expense represents approximately 1.02 times (1.02 times in 2023-24) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2023-24) the employee contributions.

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

#### (b) Severance benefits

Severance benefits provided to PCO'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, 2025, 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 thousands of dollars)	2025	2024
<b>Accrued benefit obligation - Beginning of year</b>	<b>3,515</b>	<b>3,559</b>
Expense for the year	8,739	1,711
Benefits paid during the year	(7,624)	(1,755)
<b>Accrued benefit obligation - End of year</b>	<b>4,630</b>	<b>3,515</b>

# PRIVY COUNCIL OFFICE

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

### 7. Accounts receivable and advances

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

(in thousands of dollars)	2025	2024
Receivables - Other government departments and agencies	1,916	3,101
Receivables - External parties	2,357	2,189
Employee advances	257	247
Subtotal	4,530	5,537
Allowance for doubtful accounts on receivables from external parties	(35)	(33)
<b>Net accounts receivable</b>	<b>4,495</b>	<b>5,504</b>

The following table provides an aging analysis of accounts receivable from external parties and the associated valuation allowances used to reflect their net recoverable value.

(in thousands of dollars)	2025	2024
Accounts receivable from external parties		
Not past due	1,674	1,634
Number of days past due		
1 to 30	6	370
31 to 60	380	12
61 to 90	118	3
91 to 365	76	118
Over 365	103	52
Sub-Total	2,357	2,189
Less: Valuation allowance	(35)	(33)
<b>Total</b>	<b>2,322</b>	<b>2,156</b>

# PRIVY COUNCIL OFFICE

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

### 8. Risk Management

The Privy Council Office has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

#### (a) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. PCO's maximum exposure to credit risk at March 31, 2024 and March 31, 2025 is the carrying amount of its financial assets.

PCO has determined that there is no significant concentration of credit risk related to accounts receivable from external parties. An analysis of the age of these financial assets and the associated valuation allowances used to reflect these accounts at their net recoverable value is disclosed in Note 7.

#### (b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

##### i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates.

PCO has determined that there is no significant concentration of currency risk related to foreign denominated financial instruments.

#### (c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities.

As the funding for PCO's financial liabilities is drawn from the Consolidated Revenue Fund, its exposure to liquidity risk is fully mitigated.

### 9. Inventory

(in thousands of dollars)	2025	2024
Office equipment and furniture	374	275
<b>Total inventory</b>	<b>374</b>	<b>275</b>

# PRIVY COUNCIL OFFICE

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

### 10. Tangible capital assets

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

Asset class	Amortization Period
Machinery and equipment	3 to 30 years
Informatics hardware	3 to 10 years
Informatics software	2 to 10 years
Other equipment	3 to 30 years
Motor vehicles	2 to 35 years
Leasehold Improvement	Over the useful life of the improvement or the lease term, whichever is shorter
Assets under construction	Once in service, in accordance with asset class

Assets under construction are recorded in the applicable asset class in the year they are put into service and are not amortized until they are put into service.

Capital Asset Class <i>(in thousands of dollars)</i>	Cost					Accumulated Amortization					Net Book Value	
	Opening Balance	Acquisitions	Adjustments (1)	Disposals and Write-Offs	Closing Balance	Opening Balance	Amortization	Adjustments (1)	Disposals and Write-Offs	Closing Balance	2025	2024
Machinery and equipment	60	-	-	-	60	60	-	-	-	60	-	-
Informatics hardware	6,958	1,054	-	636	7,376	6,037	590	-	636	5,991	1,385	921
Informatics software	19,357	-	-	11	19,346	15,116	1,117	-	11	16,222	3,124	4,241
Other equipment	19,679	668	-	859	19,488	14,385	2,241	-	857	15,769	3,719	5,294
Motor vehicles	761	-	(49)	24	688	575	93	(49)	24	595	93	185
Leasehold Improvement	19,895	-	820	-	20,715	4,680	1,211	-	-	5,891	14,824	15,215
Assets under construction - software	-	356	-	-	356	-	-	-	-	-	356	-
Assets under construction - other	712	2,139	(820)	-	2,031	-	-	-	-	-	2,031	712
<b>Total</b>	<b>67,422</b>	<b>4,217</b>	<b>(49)</b>	<b>1,530</b>	<b>70,060</b>	<b>40,853</b>	<b>5,252</b>	<b>(49)</b>	<b>1,528</b>	<b>44,528</b>	<b>25,532</b>	<b>26,568</b>

(1) Adjustments include assets under construction that were transferred to the other categories upon completion of the assets.

# PRIVY COUNCIL OFFICE

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

### 11. Contractual obligations

The nature of the Privy Council Office's activities may result in some large multi-year contracts and obligations whereby the Privy Council Office will be obligated to make future payments in order to carry out its transfer payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	Transfer payments	Obligations related to external parties	Other obligations with related parties	Total
2026	-	19,112	28,653	47,765
2027	-	2,850	1,189	4,039
2028	-	272	528	800
2029	-	269	376	645
2030	-	255	2	257
2031 and subsequent	-	-	-	-
<b>Total</b>	<b>-</b>	<b>22,758</b>	<b>30,748</b>	<b>53,506</b>

### 12. Related party transactions

The Privy Council Office is related as a result of common ownership to all government departments, agencies, and Crown corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual. The Privy Council Office enters into transactions with these entities in the normal course of business and on normal trade terms.

During the year, the Privy Council Office has an agreement with the National Security and Intelligence Review Agency, the National Security and Intelligence Committee of Parliamentarians, the Leaders' Debate Commission and with the Office of the Intelligence Commissioner for the provision of finance, administration and other services which is included in the revenues of section b) of this note. During the year, PCO 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, PCO received services without charge from certain common service organizations, related to accommodation, legal services, the employer's contribution to the health and dental insurance plans and workers' compensation coverage. These services provided without charge have been recorded at the carrying value in PCO's Statement of Operations and Departmental Net Financial Position as follows:

(in thousands of dollars)	2025	2024
Accommodation	19,604	18,679
Employer's contribution to the health and dental insurance plans	13,869	14,886
Legal services	1,274	1,509
Worker's compensation	1	1
<b>Total</b>	<b>34,748</b>	<b>35,075</b>

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 costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada are not included in the PCO's Statement of Operations and Departmental Net Financial Position. The costs of information technology infrastructure services provided by Shared Services Canada, following the transfer of responsibilities in November 2011 are also not included in the PCO's Statement of Operations and Departmental Net Financial Position.

#### b) Other transactions with other government departments and agencies

(in thousands of dollars)	2025	2024
Expenses	43,856	41,890
Revenues	8,059	7,268

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

# PRIVY COUNCIL OFFICE

## Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

### 13. Transfers from/to other government departments

Effective November 21, 2024, PCO transferred responsibility for the Emergency Preparedness Secretariat to the Department of Public Safety and Emergency Preparedness in accordance with Order-in-Council 2024-1182.

During the transition period, PCO continued to incur operating expenditures on behalf of Public Safety. The expenditures incurred by PCO, which amount to \$108,437 were subsequently transferred to Public Safety and are not included in these financial statements.

### 14. Segmented information

Presentation by segment is based on the Privy Council Office's core responsibility. 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 core responsibilities, by major object of expense and by major type of revenue. The segment results for the period are as follows:

(in thousands of dollars)	Serve the Prime Minister and Cabinet	Internal Services	2025	2024
<b>Expenses</b>				
Salaries and employee benefits	120,749	87,076	207,825	207,176
Professional and special services	14,413	22,685	37,098	33,056
Accommodation	227	19,604	19,831	18,874
Transportation and communications	3,336	4,439	7,775	6,458
Information	4,621	25	4,646	3,504
Acquisition of machinery and equipment	469	7,842	8,311	5,825
Repair and maintenance	506	2,578	3,084	1,796
Amortization of tangible capital assets	132	5,120	5,252	5,643
Rentals	1,581	4,445	6,026	6,912
Utilities, materials and supplies	166	554	720	1,016
Transfer payments	1,224	-	1,224	519
Other	760	(1,455)	(695)	1,945
<b>Total expenses</b>	<b>148,184</b>	<b>152,913</b>	<b>301,097</b>	<b>292,724</b>
<b>Revenues</b>				
Miscellaneous Revenues	1,332	6,994	8,326	7,608
Revenues earned on behalf of Government	(1)	(17)	(18)	(28)
<b>Total Revenues</b>	<b>1,331</b>	<b>6,977</b>	<b>8,308</b>	<b>7,580</b>
<b>Net cost from continuing operations</b>	<b>146,853</b>	<b>145,936</b>	<b>292,789</b>	<b>285,144</b>

# PRIVY COUNCIL OFFICE

## Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting of the Privy Council Office for Fiscal Year 2024-2025 (unaudited)

### 1. Introduction

This document provides summary information on measures taken by the Privy Council Office (PCO) to maintain an effective system of internal control over financial reporting (ICFR) as well as information on internal control management, assessment results and related action plans.

Detailed information on PCO's authority, mandate, and core responsibilities can be found in the Departmental Plans for the 2025-2026 fiscal year and Departmental Results Report for the 2023-2024 fiscal year.

<https://www.canada.ca/en/privy-council/corporate/transparency/planned-spending/departmental-plans/2025-2026-qlance.html>

<https://www.canada.ca/en/privy-council/corporate/transparency/reporting-spending/departmental-results-reports/2023-2024/qlance.html>

### 2. Departmental system of internal control over financial reporting

#### 2.1 Internal control management

PCO has a well-established governance and accountability structure to support departmental assessment efforts and oversight of its overall system of internal control. A departmental internal control management framework, is in place and comprises:

- organizational accountability structures as they relate to internal control management to support sound financial management, including the roles and responsibilities of senior departmental managers for control management in their areas of responsibility;
- values and ethics;
- ongoing communication and training on the legislative and policy requirements for sound financial management and control; and
- monitoring and regular updates on internal control management, as well as provision of related assessment results and action plans to the deputy head and senior departmental management and, as applicable, the Departmental Audit Committee.

The Departmental Audit Committee is an independent advisory committee to the deputy head. It is responsible to provide advice to the deputy head on the adequacy and functioning of the department's risk management, control and governance frameworks and processes.

#### 2.2 Service arrangements relevant to financial statements

PCO relies on other departments for processing certain transactions that are recorded in its financial statements as follows:

##### Common service arrangements:

- Public Services and Procurement Canada administers the payment of salaries, the procurement of goods and services, and provides accommodation services;
- Shared Services Canada provides information technology (IT) infrastructure services;
- Department of Justice Canada provides legal services; and
- Treasury Board of Canada Secretariat provides information on public service insurance and centrally administers payment of the employer's share of contributions toward statutory employee benefit plans.

Readers of this annex may refer to the annexes of the above-noted departments for a greater understanding of the systems of internal control over financial reporting related to these specific services.

##### Specific arrangements:

- TBS provides PCO with a SAP financial system platform to capture and report all financial transactions.

### Internal controls at the ongoing monitoring stage

### 3. Departmental assessment results during fiscal year 2024 to 2025

The following table summarizes the status of the ongoing monitoring activities according to the previous fiscal year's rotational plan.

# PRIVY COUNCIL OFFICE

## Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting of the Privy Council Office for Fiscal Year 2024-2025 (unaudited)

### Progress during the 2024 to 2025 fiscal year

Previous fiscal year's rotational ongoing monitoring plan for the current fiscal year	Status
Operating expenses and procurement (Contracting)	Completed as planned; remedial actions started
Delegation of authority	Completed as planned; remedial actions started
Liabilities	Completed as planned; remedial actions started
Budgeting and Resource Allocation	Completed as planned; no remedial actions required
Costing	Completed as planned; no remedial actions required

**New or significantly amended key controls** - In the current fiscal year, there were no significantly amended key controls in existing processes that required a reassessment.

**Ongoing monitoring program** - As part of its rotational ongoing monitoring plan, the department completed its reassessment of entity-level controls and the financial controls within the business processes of:

- Operating expenses and procurement (Contracting);
- Delegation of authority;
- Liabilities
- Budgeting and Resource Allocation
- Costing

Based on the monitoring procedures performed, key controls were operating as intended with opportunities for improvement identified to ensure delegated authorities are regularly reviewed and that evidence is available to demonstrate the completion of some key control activities. Management action plans have been developed to address these findings.

### 4. Departmental action plan for the next fiscal year and subsequent fiscal years

PCO's rotational ongoing monitoring plan over the next three fiscal years is shown in the following table. The ongoing monitoring plan is based on:

- an annual validation of high-risk processes and controls; and
- related adjustments to the ongoing monitoring plan as required.

Rotational On-going Monitoring Plan for Internal Control over Financial Reporting			
Key Control Areas	Operating Effectiveness Testing Rotation		
	Fiscal Year 2025-2026	Fiscal Year 2026-2027	Fiscal Year 2027-2028
Entity level controls		X	
Information technology general controls <sup>1</sup>	X		
Capital assets and inventory (including procurement)		X	
Payroll	X		
Operating expenses and procurement (Contracting)			X
Delegation of authority			X
Liabilities			X
Accounts receivable, revenue, cash and deposits		X	
Financial close and reporting	X		
Investment Planning <sup>2</sup>			
Budgeting and Resource Allocation <sup>3</sup>			
Costing <sup>3</sup>			

1. ITGCs related to Central Agency Cluster Shared Systems (CAC-SS) are out of scope for the PCO's ongoing monitoring plan. The SAP system is audited annually by the Office of the Comptroller General based on client needs and service arrangements.

2. Monitoring is on a five-year cycle and was last performed in 2023-24 with the next review scheduled for 2028-29.

3. Monitoring is on a five-year cycle and was last performed in 2024-25 with the next review scheduled for 2029-30.