



Quarterly Financial Report

For the quarter ended December 31, 2020 (unaudited)



Aussi disponible en français sous le titre : *Rapport financier trimestriel - Pour le trimestre se terminant le 31 décembre 2020*

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Website of publisher: <https://www.canada.ca/en/public-service-commission.html>

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Cat. No. SC12-4E-PDF (Electronic PDF, English)
ISSN 2819-4101

Cat. No. SC12-4F-PDF (Electronic PDF, French)
ISSN 2819-411X

1. Introduction

This quarterly financial report should be read in conjunction with the Main Estimates and Supplementary Estimates for fiscal year 2020–21. It 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. It has been reviewed by the Internal Audit Committee of the Public Service Commission of Canada.

This quarterly report has not been subject to an external audit or review.

1.1 Authority and objectives

The Public Service Commission (the agency) is an independent agency established under the *Public Service Employment Act* and listed in schedules I.1 and IV of the *Financial Administration Act*.

A summary description of the agency's programs can be found in its [2020–21 Departmental Plan](#).

1.2 Basis of presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the agency's spending authorities granted by Parliament and those used by the agency consistent with the Main Estimates for the 2020–21 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework 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.

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

1.3 Financial structure

The agency has a financial structure comprised of voted budgetary authorities for program expenditures and statutory authorities for contributions to employee benefit plans.

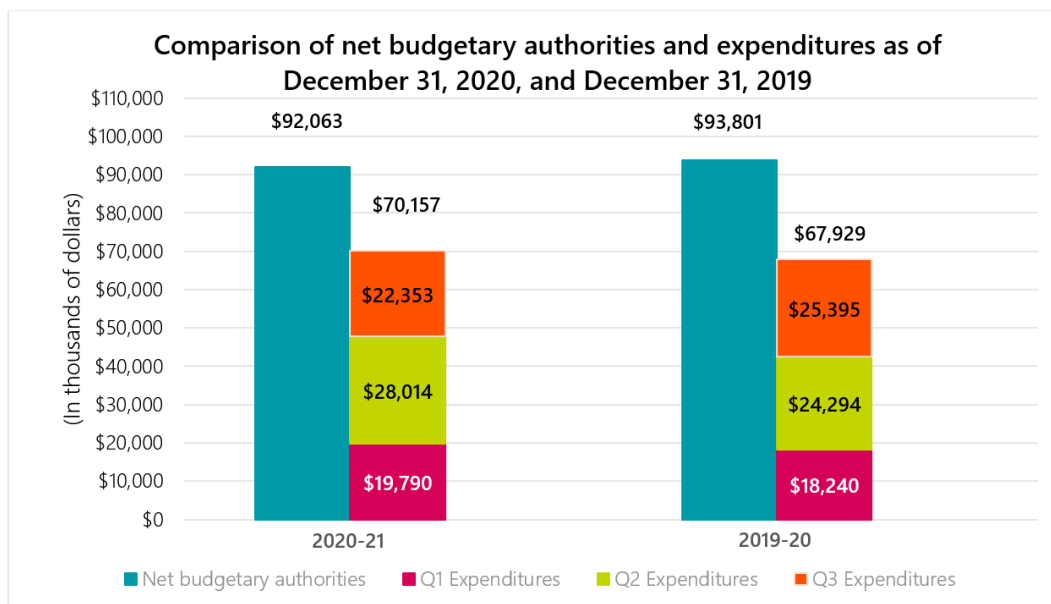
In addition, the agency has the authority to re-spend certain revenues received from other government departments and agencies in a fiscal year to offset expenditures incurred in that same year, for the provision of assessment and counselling products and services.

2. Highlights of fiscal quarter and fiscal year-to-date results

This section highlights the significant items that contributed to the change in resources available for the current year and in the actual expenditures for the quarter ended December 31, 2020.

The following graph provides a comparison of the net budgetary authorities available for spending and the expenditures for the quarters ended December 31, 2020, and December 31, 2019, for the agency's combined Vote 1 – Program Expenditures and Statutory Authorities.

Comparison of net budgetary authorities and expenditures as of December 31, 2020, and December 31, 2019



Text Alternative

Figure 1 – Budgetary authorities and expenditures - 2020-21 and 2019-20

Figure 1 outlines the comparison of net budgetary authorities and expenditures as of December 31, 2020 and December 31, 2019. It compares the total expenditures of each year, separated in three quarters (Q1, Q2, and Q3). The 2020-21 net budget authorities was \$92,063 thousand dollars. The 2020-21 expenses for the year were \$19,790 thousand dollars for the first quarter (Q1), \$28,014 thousand dollars for the second quarter (Q2), and \$22,353 thousand dollars for the third quarter (Q3). The total of expenditures for the year to date 2020-21 was \$70,157 thousand dollars. The 2019-20 net budget authorities was \$93,801 thousand dollars. The 2019-20 expenses for the year were of \$18,240 thousand dollars for the first quarter (Q1), \$24,294 thousand dollars for the second quarter (Q2), and \$25,395 thousand dollars for the third quarter (Q3). The total of expenditures for the year to date 2019-20 was \$67,929 thousand dollars.

2.1 Significant changes to authorities

As shown in Section 6: Statement of Authorities, at December 31, 2020, there was a decrease of \$1,738,000 in authorities available for use in the current year, as compared to the previous year.

The variance is due mainly to the following:

- \$1,265,000 is explained by a decrease in the year-end operating budget carry-forward
- \$178,000 is explained by a decrease in funding as a result of a transfer to Shared Services Canada, as part of the Budget 2018 fiscal dividend
- \$169,000 is explained by a decrease in funding as a result of a transfer to Treasury Board of Canada Secretariat to support the Government of Canada Financial and Materiel Management Solution Project
- \$100,000 is mainly explained by a decrease in funding due to adjustments in the employer contributions to employee benefit plans

2.2 Significant variances in net expenditures from prior year

As shown in Section 7: Budgetary expenditures by standard object, total net budgetary expenditures during the quarter decreased from \$25,395,000 in 2019–20 to \$22,353,000 in 2020–21; a variance of \$3,042,000 or 12.0%.

The variance is due mainly to the following:

- a decrease of \$3,187,000 in personnel, mainly resulting from a reduction of:
 - payments and recoveries to other government departments for employee transfers
 - retroactive salary payments from previous years
 - employer contribution superannuation payments made more quickly during the fiscal year
- a decrease in spending due to the impact of the COVID-19 pandemic:
 - a decrease of \$145,000 in transportation and telecommunications, mainly resulting from a decrease in travel
 - a decrease of \$779,000 in professional and special services, mainly resulting from decreases in the services of consultants, information technology consultants, training services and temporary help
 - a decrease of \$97,000 in rentals, mainly resulting from a decrease in room rental fees and in annual maintenance and client software license fees
 - a decrease of \$84,000 in materials and supplies, mainly resulting from a decrease in office supplies and purchase of miscellaneous goods
- a decrease of \$1,246,000 in revenues netted against expenditures, due mainly to the impact of the COVID-19 pandemic
 - the demand for e-testing and test administration services and coaching decreased

This decrease is also due to billing delays in the system. Invoicing was much slower in the current fiscal year than in the previous year.

3. Risks and uncertainties

The agency is evolving in a dynamic and complex environment that requires it to be effective, adaptive and innovative to support staffing in federal departments and agencies across Canada. As part of its departmental planning and reporting cycle, the agency undertakes an annual review of its organizational risks, as well as quarterly monitoring of mitigation strategies, activities and changes that are likely to have an impact on its expected results. This monitoring includes strategic oversight of the changes in external risk factors and internal vulnerabilities that may have an impact on the agency's results.

The agency's operational context, key risks as well as mitigation strategies can be found in its [2020–21 Departmental Plan](#).

In addition to the risks and uncertainties presented in its 2020–21 Departmental Plan, the agency has updated its analysis of the risks to which it is exposed as a result of the COVID-19 pandemic. The COVID-19 outbreak has a significant impact on financial revenue results. This impact had the effect of a decrease in the carry-over of 2019–20 planned funds and a significant decrease in projected cost-recovery revenues from its professional assessment products and services. This effect could heighten pressure on the agency in 2020–21 to deliver on its planned milestones and expected results. Mitigation measures will include ensuring that the agency's resources are focused internally to fully realize its key priorities and initiatives, which involve reallocating internal resources to fully respond to emerging needs.

4. Significant changes in relation to operations, personnel and programs

The COVID-19 pandemic has affected the agency's operations as outlined in the risks and uncertainties section of this document.

5. Approved by senior officials

Approved by:

Patrick Borbey
President

Philip Morton, CPA, CGA
Chief Financial Officer

Gatineau, Canada
February 19, 2021

6. Statement of Authorities (unaudited)

Fiscal year 2020-21 (in thousands of dollars)

-	Total available for use for the year ending March 31, 2021¹	Used during the quarter ended December 31, 2020	Year-to- date used at quarter-end
Vote 1 – Program Expenditures	80,616	19,491	61,572
Statutory – Refund of Previous Year Revenue	2	1	2
Statutory – Employer Contributions to Employee Benefit Plans	11,445	2,861	8,583
Total Budgetary Authorities	92,063	22,353	70,157

¹ Includes only Authorities available for use and granted by Parliament at quarter-end.

Fiscal year 2019–20 (in thousands of dollars)

	Total available for use for the year ending March 31, 2020 ²	Used during the quarter ended December 31, 2019	Year-to-date used at quarter-end
-			
Vote 1 – Program Expenditures	82,222	21,589	59,342
Statutory – Refund of Previous Year Revenue	32	5	32
Statutory – Spending of proceeds from the disposal of surplus Crown assets	2	0	2
Statutory – Employer Contributions to Employee Benefit Plans	11,545	3,801	8,553
Total Budgetary Authorities	93,801	25,395	67,929

² Includes only Authorities available for use and granted by Parliament at quarter-end.

7. Budgetary expenditures by standard object (unaudited)

Fiscal year 2020–21 (in thousands of dollars)

-	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended December 31, 2020	Year-to-date used at quarter-end
Personnel	86,548	20,779	64,169
Transportation and telecommunications	837	37	75
Information	348	23	42
Professional and special services	14,635	1,823	4,400
Rentals	1,449	77	1,129
Repair and maintenance	579	12	21
Utilities, materials and supplies	166	42	87
Acquisition of machinery and equipment	1,585	93	164

-	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended December 31, 2020	Year-to-date used at quarter-end
Other subsidies and payments	166	190	921
Total gross budgetary expenditures	106,313	23,076	71,008
Less: Revenues netted against expenditures	(14,250)	(723)	(851)
Total net budgetary expenditures	92,063	22,353	70,157

Fiscal year 2019-20 (in thousands of dollars)

-	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended December 31, 2019	Year-to-date used at quarter-end
Personnel	86,361	23,967	64,063
Transportation and telecommunications	921	182	434
Information	423	76	183
Professional and special services	15,717	2,602	5,759

-	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended December 31, 2019	Year-to-date used at quarter-end
Rentals	1,905	173	1,064
Repair and maintenance	687	14	36
Utilities, materials and supplies	173	126	259
Acquisition of machinery and equipment	1,661	176	280
Other subsidies and payments	205	48	842
Total gross budgetary expenditures	108,053	27,364	72,920
Less: Revenues netted against expenditures	(14,252)	(1,969)	(4,991)
Total net budgetary expenditures	93,801	25,395	67,929