

Privy Council Office

Quarterly Financial Report

Statement outlining results, risks and significant changes in operations, personnel and programs
For the quarter ended June 30, 2021

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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 2021-22 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 2021-22 Main Estimates. 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.

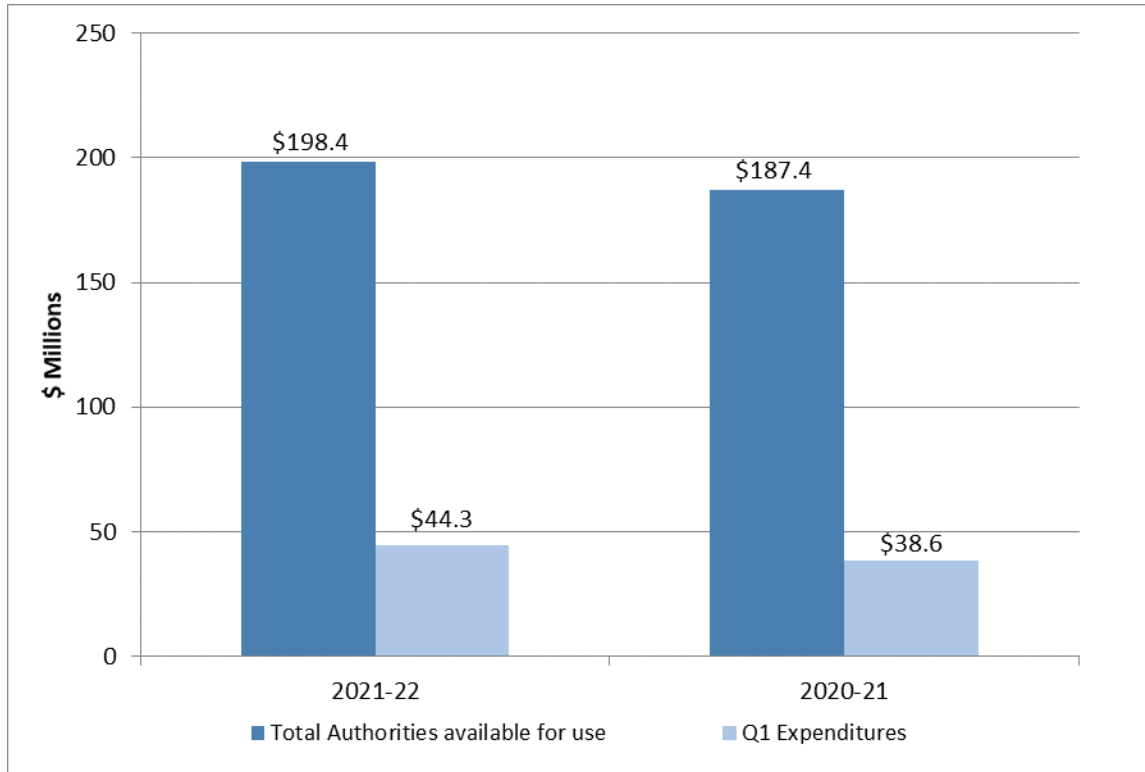
PCO uses the full accrual method of accounting to prepare and present its annual departmental financial statements¹ that are part of the departmental performance reporting process. The spending authorities voted by Parliament remain on an expenditure basis.

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, 2021.

PCO spent approximately 22% of its authorities available for use by the end of the first quarter, compared to 21% in the same quarter of 2020-21 (see graph 1 below).

Graph 1: Comparison of Total Authorities Available For Use and Total Net Budgetary Expenditures as of Q1 2021-22 and 2020-21

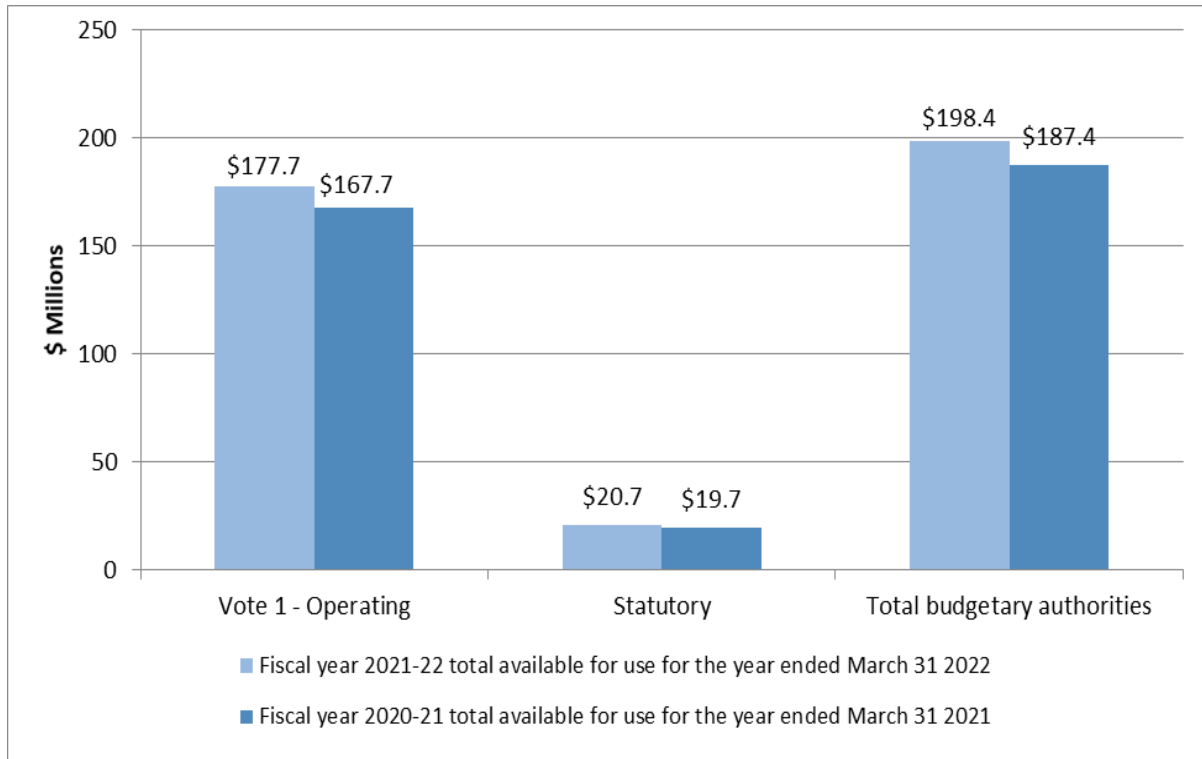


¹The notes to the annual departmental financial statements include a reconciliation between full accrual results and spending authorities.

Significant changes to authorities

As per graph 2 below as at June 30, 2021 and Annex A, presented at the end of this document, PCO has authorities available for use of \$198.4 million in 2021-22 compared to \$187.4 million as of June 30, 2020, for a net increase of \$11.1 million or 6%.

Graph 2: Variance in Authorities as at June 30, 2021



The net increase in authorities of \$11.1 million is mainly explained by:

Authorities Increase

- PCO funding has increased in 2021-22 to include the full annual amounts to stabilize funding for ongoing priority areas, for the transfer of the Minister’s Regional Offices, to expand the secure communications for national leadership initiative, and for the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy that were approved in prior years. Additional compensation allocations were received as a result of collective bargaining increases.

Authorities Decrease

- Increased authorities are offset by an end to the funding for a whole-of-government strategy for communicating with Canadians about COVID-19 that increased authorities in fiscal year 2020-21.

Significant changes to quarter expenditures

Year-to-date expenditures recorded to the end of the first quarter increased by \$5.7 million, or 15%, from the same period of the previous year (from \$38.6 million for 2020-21 to \$44.3 million for 2021-22). Table 1 below presents budgetary expenditures by standard object.

Table 1

Material Variances to Expenditures by Standard Object	Fiscal year 2021-22 Expended during the quarter ended 30-June-2021	Fiscal year 2020-21 Expended during the quarter ended 30-June-2020	Variance \$	Variance %
(in thousands of dollars)				
Personnel	36,265	32,679	3,586	11%
Transportation and communications	767	336	431	128%
Information	974	919	55	6%
Professional and special services	3,137	3,635	(498)	(14%)
Rentals	837	558	279	50%
Repair and maintenance	75	18	57	317%
Utilities, materials and supplies	54	41	13	32%
Acquisition of machinery and equipment	1,849	181	1,668	922%
Other subsidies and payments	352	193	159	82%
Total gross budgetary expenditures	44,310	38,559	5,751	15%
Less revenues netted against expenditures	(2)	-	(2)	-
Total budgetary expenditures *	44,309	38,559	5,749	15%

* Details may not add to totals due to rounding

Personnel:

The overall increase of \$3.6 million in personnel spending is mainly due to the timing of salary recoveries from other government departments and for activities relating to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

Transportation and communications:

The increase of \$0.4 million is mainly attributed to the travel costs related to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy and increased telecommunication costs related to the expansion of the secure communications for national leadership initiative.

Acquisition of machinery and equipment:

The increase of \$1.7 million is mainly related to the timing for IT equipment purchases in 2021-22.

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 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

Operations and Programs

The Joint Public Inquiry into the Nova Scotia April 2020 Tragedy has begun to provide clarity around the causes, context and circumstances that led to the mass casualty in Nova Scotia.

Personnel

In May 2021, Thao Pham became the Deputy Minister for COVID Recovery and Shawn Tupper became the Deputy Secretary to the Cabinet, Operations. Isabelle Mondou, Deputy Minister for the COVID-19 response Communications, departed PCO in May 2021. An [organization chart](#) is regularly updated and posted on the PCO website.

Approval by senior officials:

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

Matthew Shea
Assistant Deputy Minister,
Corporate Services Branch and Chief
Financial Officer

Ottawa, Canada
Friday, August 27, 2021

ANNEX A

STATEMENT OF AUTHORITIES *(unaudited) (note 2)*

(In thousands of dollars)

	Fiscal year 2021-2022			Fiscal year 2020-2021		
	Total available for use for the year ending March 31, 2022 (note 1)	Used during the quarter ended June 30, 2021	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2021 (note 1)	Used during the quarter ended June 30, 2020	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	177,711	39,259	39,259	167,685	34,120	34,120
Budgetary statutory authorities						
Contributions to employee benefits plans	20,348	4,927	4,927	19,229	4,326	4,326
Prime Minister - Salary and motor car allowance	188	47	47	185	46	46
Leader of the Government in the House of Commons - Salary and motor car allowance	91	23	23	89	22	22
President of the Queen's Privy Council for Canada and the Minister of Intergovernmental Affairs - Salary and motor car allowance	91	23	23	89	22	22
Deputy Prime Minister and Minister of Finance - Salary and motor car allowance	-	8	8	89	22	22
Minister and Special Representative for the Prairies - Salary and motor car allowance	-	23	23	-	-	-
Total budgetary authorities	198,427	44,309	44,309	187,368	38,559	38,559
TOTAL AUTHORITIES	198,427	44,309	44,309	187,368	38,559	38,559

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

Departmental budgetary expenditures by Standard Object *(unaudited) (note 2)*

(In thousands of dollars)

	Fiscal year 2021-2022			Fiscal year 2020-2021		
	Planned expenditures for the year ending March 31, 2022 (note 1)	Expended during the quarter ended June 30, 2021	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2021 (note 1)	Expended during the quarter ended June 30, 2020	Year-to-date used at quarter-end
Budgetary expenditures						
Personnel	156,254	36,265	36,265	116,303	32,679	32,679
Transportation and communications	5,095	767	767	3,179	336	336
Information	3,466	974	974	48,251	919	919
Professional and special services	25,715	3,137	3,137	14,248	3,635	3,635
Rentals	2,138	837	837	1,287	558	558
Repair and maintenance	3,289	75	75	2,030	18	18
Utilities, materials and supplies	717	54	54	511	41	41
Acquisition of machinery and equipment	8,410	1,849	1,849	2,936	181	181
Other subsidies and payments	-	352	352	-	193	193
Total gross budgetary expenditures	205,084	44,310	44,310	188,744	38,559	38,559
Less revenues netted against expenditures						
Revenues	(6,657)	(2)	(2)	(1,377)	-	-
Total revenues netted against expenditures	(6,657)	(2)	(2)	(1,377)	-	-
TOTAL BUDGETARY EXPENDITURES	198,427	44,309	44,309	187,368	38,559	38,559

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.