

# Privy Council Office

## Quarterly Financial Report

Statement outlining results, risks and significant changes in operations, personnel and programs  
For the quarter ended December 31, 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 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 moneys 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.

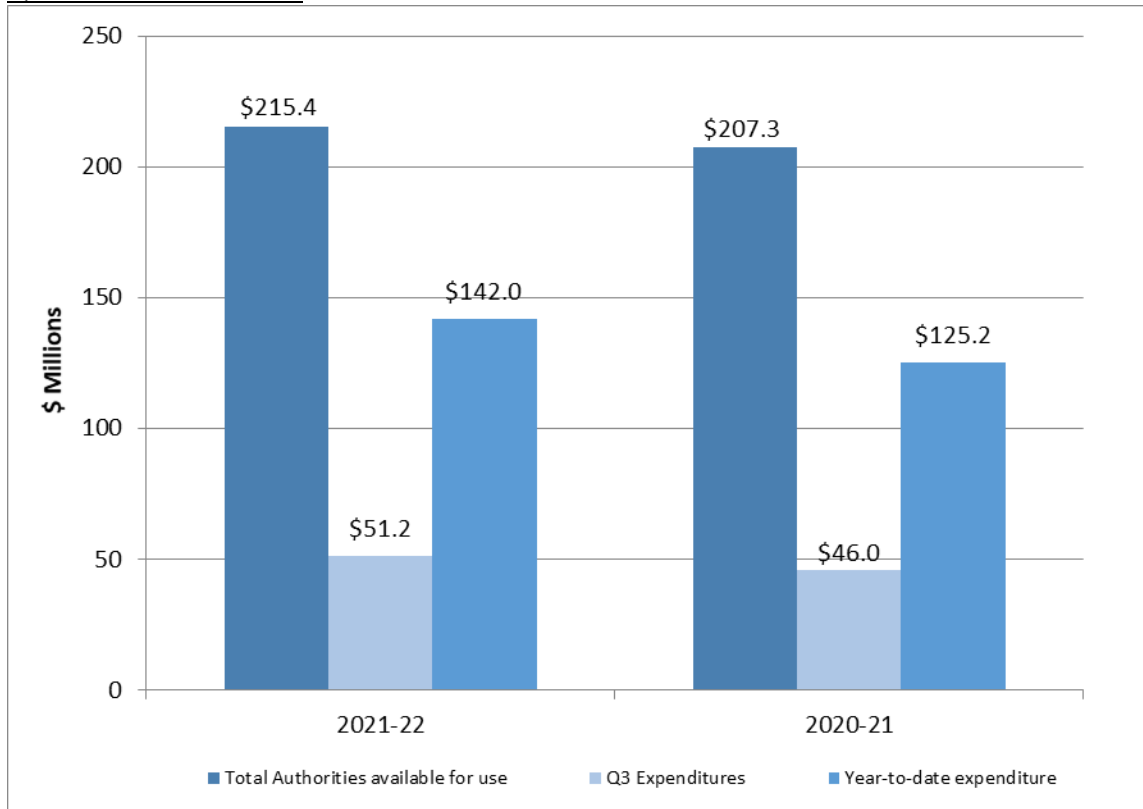
PCO uses the full accrual method of accounting to prepare and present its annual departmental financial statements<sup>1</sup> that are part of the departmental performance reporting process. The spending authorities voted by Parliament remain on an expenditure basis.

### 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 December 31, 2021.

PCO spent approximately 66% of its authorities available for use by the end of the third quarter, compared to 60% at the end of 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 Q3 2021-22 and 2020-21

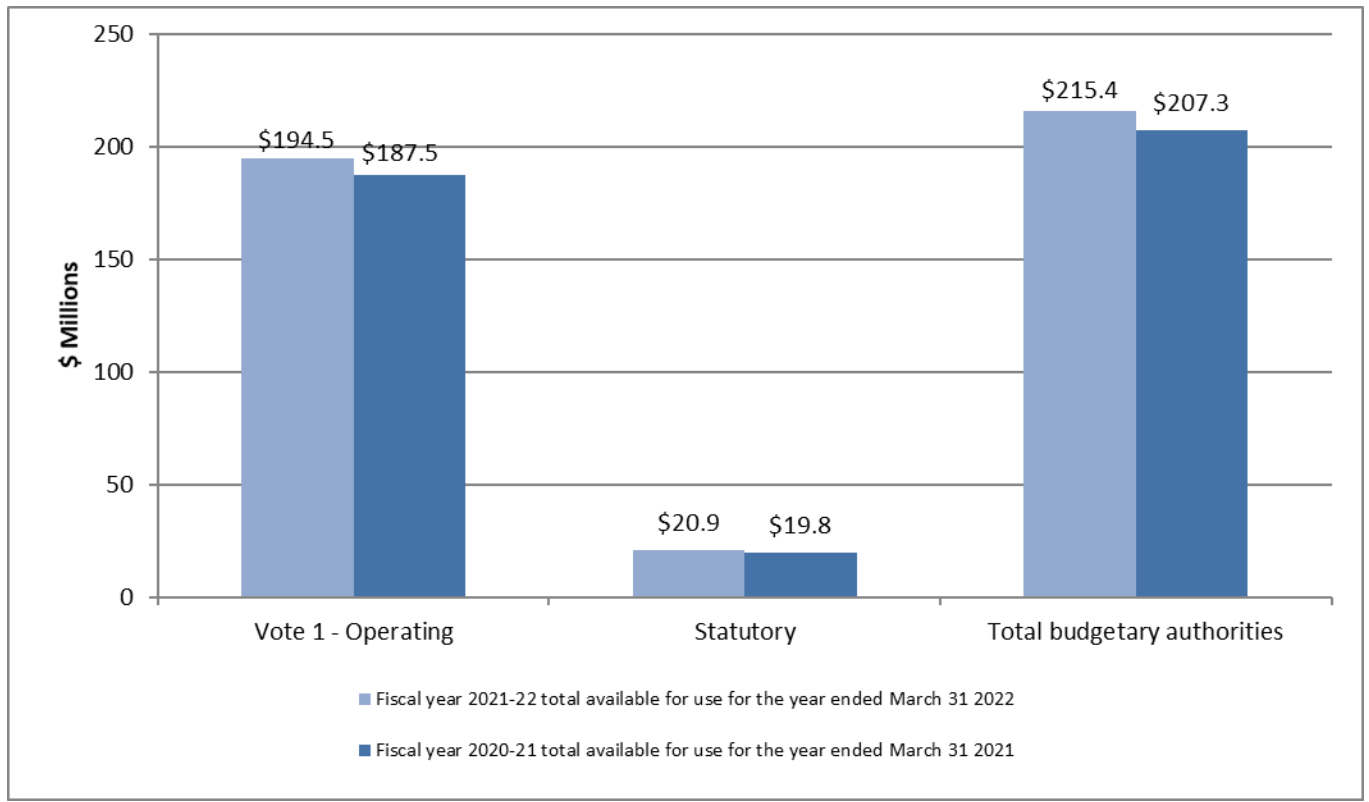


<sup>1</sup> The notes to the annual departmental financial statements include a reconciliation between full accrual results and spending authorities.

### Significant changes to authorities

As per graph 2 below as at December 31, 2021 and Annex A, presented at the end of this document, PCO has authorities available for use of \$215.4 million in 2021-22 compared to \$207.3 million as of December 31, 2020, for a net increase of \$8.1 million or 4%.

Graph 2: Variance in Authorities as at December 31, 2021



The net increase in authorities of \$8.1 million is mainly explained by:

#### *Authorities Increase*

- PCO funding has increased in 2021-22 to include the full annual amounts to stabilize and enhance support to PCO Ministers, for the transfer of the Ministers' 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 as well as a permanent travel reduction from Budget 2021.

## Significant changes to quarter expenditures

The third quarter expenditures totaled \$51.2 million for a net increase of \$5.2 million (11%) when compared to \$46.0 million spent during the same period in 2020-21. Table 1 below presents budgetary expenditures by standard object.

Table 1

Variations to Expenditures by Standard Object (in thousands of dollars)	Fiscal year 2021-22 Expended during the quarter ended December 31, 2021	Fiscal year 2020-21 Expended during the quarter ended December 31, 2020	Variance \$	Variance %
Personnel	38,378	35,832	2,546	7%
Transportation and communications Information	1,497	286	1,211	423%
Professional and special services	942	1,188	(246)	(21%)
Rentals	4,421	4,912	(491)	(10%)
Repair and maintenance	3,875	992	2,883	291%
Utilities, materials and supplies	371	927	(556)	(60%)
Acquisition of machinery and equipment	111	127	(16)	(13%)
Transfer payments	1,615	2,083	(468)	(22%)
Other subsidies and payments	416	-	416	0%
<b>Total gross budgetary expenditures *</b>	<b>51,719</b>	<b>46,444</b>	<b>5,275</b>	<b>11%</b>
Less revenues netted against expenditures	(541)	(434)	(107)	25%
<b>Total budgetary expenditures</b>	<b>51,178</b>	<b>46,010</b>	<b>5,168</b>	<b>11%</b>

\* Details may not add to totals due to rounding

### Personnel:

The overall increase of \$2.5 million in personnel spending is mainly due to the timing of salary recoveries from other government departments and activities relating to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

### Transportation and Communications:

The increase of \$1.2 million is mainly attributed to resumed travelling compared to 2020-21 and to the travel costs related to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

### Rentals:

The increase of \$2.9 million is mainly attributed to software license applications and to the rental of office buildings for the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

**Repairs and Maintenance:**

The decrease of \$0.6 million is mainly related to reduced expenditures for accommodation projects in 2021-22 as compared to 2020-21.

**Acquisition of machinery and equipment:**

The decrease of \$0.5 million is mainly related to a reduction in expenditures for computer equipment as compared to the same period in 2020-21 primarily related to the timing of deliveries due to global supply chain challenges.

**Transfer Payments:**

Transfer payments have increased by \$0.4 million due to spending for the activities of the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

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

The year-to-date expenditures totaled \$142.0 million for a net increase of \$16.7 million (13%) when compared to \$125.2 million spent during the same period in 2020-21. Table 2 below presents budgetary expenditures by standard object.

Table 2

<b>Variiances to Expenditures by Standard Object</b> (in thousands of dollars)	<b>YTD Expenditures as of December 31, 2021</b>	<b>YTD Expenditures as of December 31, 2020</b>	<b>Variance \$</b>	<b>Variance %</b>
Personnel	111,879	101,380	10,499	10%
Transportation and communications	2,988	779	2,209	284%
Information	2,812	2,988	(176)	(6%)
Professional and special services	13,749	12,176	1,573	13%
Rentals	5,665	1,810	3,855	213%
Repair and maintenance	518	1,060	(542)	(51%)
Utilities, materials and supplies	250	292	(42)	(14%)
Acquisition of machinery and equipment	3,703	4,658	(955)	(21%)
Transfer payments	416	-	416	0%
Other subsidies and payments	733	539	194	36%
<b>Total gross budgetary expenditures *</b>	<b>142,711</b>	<b>125,681</b>	<b>17,031</b>	<b>14%</b>
Less revenues netted against expenditures	(735)	(434)	(301)	69%
<b>Total budgetary expenditures</b>	<b>141,977</b>	<b>125,247</b>	<b>16,730</b>	<b>13%</b>

\* Details may not add to totals due to rounding

**Personnel:**

The overall increase of \$10.5 million in personnel spending is mainly due to the timing of salary recoveries from other government departments for employees whose pay files are in the process of being transferred, and salaries for employees supporting the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy and the Ministers' Regional Offices.

**Transportation and Communications:**

The increase of \$2.2 million is mainly attributed to resumed travelling compared to 2020-21 and to the travel costs related to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

**Rentals:**

The increase of \$3.9 million is mainly attributed to software license applications and to the rental of office buildings for the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

**Repairs and Maintenance:**

The decrease of \$0.5 million is mainly related to reduced expenditures for accommodation projects in 2021-22 as compared to 2020-21.

**Acquisition of machinery and equipment:**

The decrease of \$1.0 million is mainly related to a reduction in expenditures for computer equipment as compared to the same period in 2020-21 primarily related to the timing of deliveries due to global supply chain challenges.

**Transfer Payments:**

Transfer payments increased by \$0.4 million due to spending for the activities of the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

**Risks and uncertainties**

The dominant financial risks lie in the need to reallocate departmental resources to deal with issues that 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****Personnel**

In October 2021, the Honourable Bill Blair was appointed President of the Queen's Privy Council for Canada and Minister of Emergency Preparedness which led PCO to create the Emergency and Preparedness Secretariat, the Honourable Mark Holland was appointed Leader of the Government in the House of Commons, and the Honourable Dominic LeBlanc was appointed as Minister of Intergovernmental Affairs, Infrastructure and Communities.

**Approval by senior officials:**

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

Ottawa, Canada  
Tuesday March 1, 2022

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



## 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 December 31, 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 December 31, 2020	Year-to-date used at quarter-end
<b>Vote 1 - Net operating expenditures</b>	<b>194,498</b>	<b>46,135</b>	<b>126,849</b>	187,512	41,571	111,931
<b>Budgetary statutory authorities</b>						
Contributions to employee benefits plans	20,514	4,927	14,782	19,366	4,326	12,977
Prime Minister - Salary and motor car allowance	188	47	141	185	46	138
Leader of the Government in the House of Commons - Salary and motor car allowance	91	23	68	89	22	67
President of the Queen's Privy Council for Canada and the Minister of Intergovernmental Affairs - Salary and motor car allowance	-	15	60	89	22	67
President of the Queen's Privy Council for Canada and the Minister of Emergency Preparedness - Salary and motor car allowance	91	15	15	-	-	-
Minister of Intergovernmental Affairs, Infrastructure and Communities - Salary and motor car allowance	-	8	8	-	-	-
Minister and Special Representative for the Prairies - Salary and motor car allowance	-	8	53	-	-	-
Deputy Prime Minister and Minister of Finance - Salary and motor car allowance	-	-	-	89	22	67
<b>Total budgetary authorities</b>	<b>215,381</b>	<b>51,178</b>	<b>141,977</b>	207,330	46,010	125,247
<b>TOTAL AUTHORITIES</b>	<b>215,381</b>	<b>51,178</b>	<b>141,977</b>	207,330	46,010	125,247

Note 1: Includes 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 December 31, 2021	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2021 (note 1)	Expended during the quarter ended December 31, 2020	Year-to-date used at quarter-end
<b>Budgetary expenditures</b>						
Personnel	164,331	38,378	111,879	153,585	35,832	101,380
Transportation and communications	4,898	1,497	2,988	4,488	286	779
Information	3,748	942	2,812	15,313	1,188	2,988
Professional and special services	29,098	4,421	13,749	24,132	4,912	12,176
Rentals	2,802	3,875	5,665	1,716	992	1,810
Repair and maintenance	3,289	371	518	2,706	927	1,060
Utilities, materials and supplies	725	111	250	682	127	292
Acquisition of machinery and equipment	9,339	1,615	3,703	6,395	2,083	4,658
Transfer payments	3,346	416	416	-	-	-
Other subsidies and payments	462	95	733	819	97	539
<b>Total gross budgetary expenditures</b>	<b>222,038</b>	<b>51,719</b>	<b>142,711</b>	<b>209,837</b>	<b>46,444</b>	<b>125,681</b>
<b>Less revenues netted against expenditures</b>						
Revenues	(6,657)	(541)	(735)	(2,507)	(434)	(434)
<b>Total revenues netted against expenditures</b>	<b>(6,657)</b>	<b>(541)</b>	<b>(735)</b>	<b>(2,507)</b>	<b>(434)</b>	<b>(434)</b>
<b>TOTAL BUDGETARY EXPENDITURES</b>	<b>215,381</b>	<b>51,178</b>	<b>141,977</b>	<b>207,330</b>	<b>46,010</b>	<b>125,247</b>

Note 1: Includes 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.