

Privy Council Office

Quarterly Financial Report

Statement outlining results, risks and significant changes in operations, personnel and programs
For the quarter ended December 31, 2020

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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 2020-21 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.

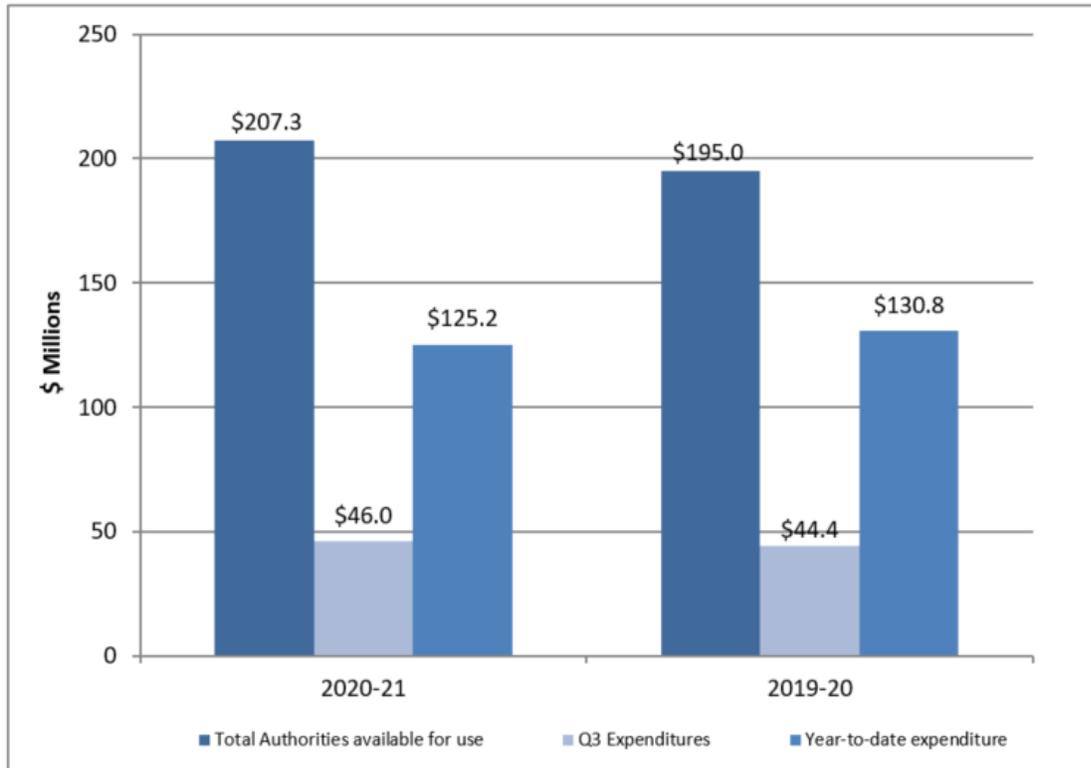
PCO uses the full accrual method of accounting to prepare and present its annual departmental financial statements ¹ that are part of the departmental performance reporting process. The spending authorities voted by Parliament remain on an expenditure basis.

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, 2020.

PCO spent \$125.2 million of its authorities available for use by the end of the third quarter, compared to \$130.8 million at the end of the same quarter of 2019-20 (see graph 1 below).

Graph 1: Comparison of Total Authorities Available For Use and Total Net Budgetary Expenditures as of Q3 2020-21 and 2019-20

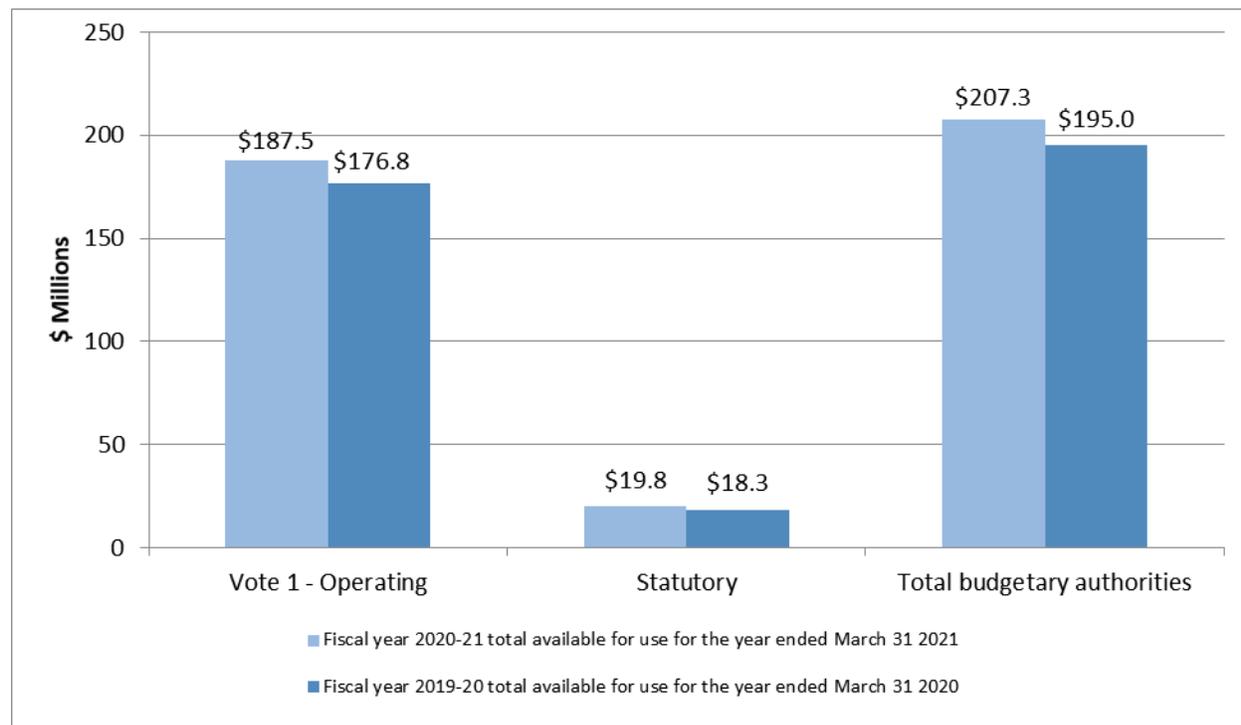


¹ The notes to the annual departmental financial statements include a reconciliation between full accrual results and spending authorities.

Significant changes to authorities

As per graph 2 below as at December 31, 2020 and Annex A, presented at the end of this document, PCO has authorities available for use of \$207.3 million in 2020-21 compared to \$195.0 million as of December 31, 2019, for a net increase of \$12.3 million or 6%.

Graph 2: Variance in Authorities as at December 31, 2020



The net increase in authorities of \$12.3 million is mainly explained by:

Authorities Increase

- PCO received additional funding for a whole-of-government strategy for communicating with Canadians about COVID-19, to stabilize and enhance support to the Prime Minister, the Deputy Prime Minister, portfolio ministers and Cabinet and other key priorities, to offset increased salary expenditures resulting from collective bargaining and for the transfer of Ministers' Regional Offices budget for Exempt Staff and Non-Exempt Staff from Public Services and Procurement Canada (PSPC). PCO received full supply for the 2020-21 Main Estimates in December 2020.

Authorities Decrease

- Increased authorities are offset by decreases related to the National Inquiry into Missing and Murdered Indigenous Women and Girls, management and oversight of Governor in Council appointments and sunseting of funding for Review of Laws and Policies related to Indigenous Peoples. PCO also transferred funding related LGBTQ2 and Youth Secretariats to Canadian Heritage in fiscal year 2019-20.

Significant changes to quarter expenditures

The third quarter expenditures totaled \$46.0 million for a net increase of \$1.6 million (4%) when compared to \$44.4 million spent during the same period in 2019-20. Table 1 below presents budgetary expenditures by standard object.

Table 1

Variances to Expenditures by Standard Object	Fiscal year 2020-21 Expended during the quarter ended December 31, 2020	Fiscal year 2019-20 Expended during the quarter ended December 31, 2019	Variance \$	Variance %
(in thousands of dollars)				
Personnel	35,832	33,524	2,308	7%
Transportation and communications	286	977	(691)	(71%)
Information	1,188	1,979	(791)	(40%)
Professional and special services	4,912	5,854	(942)	(16%)
Rentals	992	186	806	433%
Repair and maintenance	927	1,606	(679)	(42%)
Utilities, materials and supplies	127	225	(98)	(44%)
Acquisition of machinery and equipment	2,083	467	1,616	346%
Transfer payments	-	251	(251)	(100%)
Other subsidies and payments	97	(244)	341	(140%)
Total gross budgetary expenditures *	46,444	44,825	1,618	4%
Less revenues netted against expenditures	(434)	(418)	(16)	4%
Total budgetary expenditures	46,010	44,408	1,602	4%

* Details may not add to totals due to rounding

Personnel:

The overall increase of \$2.3 million in personnel spending is mainly due to a combination of additional staff required to deliver on an expanded departmental mandate, for the whole-of-government strategy for communicating with Canadians about COVID-19 and new expenditures for the transfer of Ministers' Regional Offices budget for Exempt Staff from PSPC. The increase is offset by a decrease mainly attributed to support the National Inquiry into Missing and Murdered Indigenous Women and Girls, as core activities were completed in 2019-20.

Transportation and Communications:

The decrease of \$0.7 million is mainly attributed to lower travel expenses due to travel restrictions imposed by the COVID-19 pandemic.

Information:

The decrease of \$0.8 million is mainly attributed to communication professional services contracts to support the National Inquiry into Missing and Murdered Indigenous Women and Girls, as core activities were completed in 2019-20.

Professional Services:

The decrease of \$0.9 million is mainly attributed to the completion of the National Inquiry into Missing and Murdered Indigenous Women and Girls core activities in 2019-20 and the timing of the interdepartmental settlement for Legal and IT services.

Rentals:

The increase of \$0.8 million is mainly attributed to additional accommodation rental expenditures as a result of the transfer of Ministers' Regional Offices from PSPC.

Repairs and Maintenance:

The decrease of \$0.7 million is mainly attributed to a reduction of office building repairs delayed due to the COVID-19 pandemic.

Acquisition of machinery and equipment:

The increase of \$1.6 million is mainly related to IT equipment the purchases in 2020-21.

Transfer Payments:

Transfer payments have decreased by \$0.3 million as the National Inquiry into Missing and Murdered Indigenous Women and Girls completed its core activities in 2019-20.

Significant changes to year-to-date expenditures

The year-to-date expenditures totaled \$125.2 million for a net decrease of \$5.5 million (4%) when compared to \$130.8 million spent during the same period in 2019-20. Table 2 below presents budgetary expenditures by standard object.

Table 2

Variations to Expenditures by Standard Object (in thousands of dollars)	YTD Expenditures as of December 31, 2020	YTD Expenditures as of December 31, 2019	Variance \$	Variance %
Personnel	101,380	98,530	2,850	3%
Transportation and communications	779	3,722	(2,943)	(79%)
Information	2,988	6,656	(3,668)	(55%)
Professional and special services	12,176	14,505	(2,329)	(16%)
Rentals	1,810	1,493	317	21%
Repair and maintenance	1,060	1,814	(754)	(42%)
Utilities, materials and supplies	292	709	(417)	(59%)
Acquisition of machinery and equipment	4,658	1,786	2,872	161%
Transfer payments	-	1,390	(1,390)	(100%)
Other subsidies and payments	539	624	(85)	(14%)
Total gross budgetary expenditures *	125,681	131,229	(5,548)	(4%)
Less revenues netted against expenditures	(434)	(464)	30	(6%)
Total budgetary expenditures	125,247	130,765	(5,518)	(4%)

* Details may not add to totals due to rounding

Personnel:

The overall increase of \$2.9 million in personnel spending is mainly due to a combination of additional staff required to deliver on an expanded departmental mandate, for the whole-of-government strategy for communicating with Canadians about COVID-19 and new expenditures for the transfer of Ministers' Regional Offices budget for Exempt Staff from PSPC. The increase is offset by a decrease mainly attributed to support the National Inquiry into Missing and Murdered Indigenous Women and Girls, as core activities were completed in 2019-20.

Transportation and Communications:

The decrease of \$2.9 million is mainly attributed to lower travel expenses due to travel restrictions imposed by the COVID-19 pandemic, completion of the National Inquiry into Missing and Murdered Indigenous Women and Girls core activities in 2019-20 and increased travel expenses for the Youth Summit that occurred in 2019-20.

Information:

The decrease of \$3.7 million is mainly attributed to communication professional services contracts to support the National Inquiry into Missing and Murdered Indigenous Women and Girls, as core activities were completed in 2019-20.

Professional Services:

The decrease of \$2.3 million is mainly attributed to the completion of the National Inquiry into Missing and Murdered Indigenous Women and Girls core activities in 2019-20.

Repairs and Maintenance:

The decrease of \$0.8 million is mainly attributed to a reduction of office building repairs delayed due to the COVID-19 pandemic.

Acquisition of machinery and equipment:

The increase of \$2.9 million is mainly related to IT equipment purchases in 2020-21.

Transfer Payments:

Transfer payments have decreased by \$1.4 million due to the completion of the National Inquiry into Missing and Murdered Indigenous Women and Girls core activities in 2019-20.

Risks and uncertainties

The dominant financial risks lie in funding initiatives to deal with issues that emerge unexpectedly. As part of its coordinating role, PCO is expected to launch these initiatives on short notice, and either manage the necessary expenditures within its own spending authorities, or cash manage until increased spending authorities are approved.

Responding to the COVID-19 crisis has demanded a significant investment to help mitigate the propagation risks among the Canadian population and support citizens and businesses directly affected with economic measures. PCO will effectively manage the risks associated through ongoing cooperation and engagement with other federal departments and agencies, provincial/territorial governments, as well as its stakeholders and partners.

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

There have not been any significant changes in relation to operations, personnel and programs during the quarter.

Approval by senior officials:

Ian Shugart
Clerk of the Privy Council and Secretary to the Cabinet

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

Ottawa, Canada
Monday March 1, 2021

ANNEX A

Statement of authorities (unaudited) (note 2)

(In thousands of dollars)

	Fiscal year 2020-2021			Fiscal year 2019-2020		
	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	Total available for use for the year ending March 31, 2020 (note 1)	Used during the quarter ended December 31, 2019	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	187,512	41,571	111,931	176,769	39,813	117,090
Budgetary statutory authorities						
Contributions to employee benefits plans	19,366	4,326	12,977	17,809	4,498	13,356
Prime Minister - Salary and motor car allowance	185	46	138	181	45	136
Leader of the Government in the House of Commons - Salary and motor car allowance	89	22	67	88	15	58
President of the Queen's Privy Council and the Minister of Intergovernmental Affairs - Salary and motor car allowance	89	22	67	-	-	-
Deputy Prime Minister and Minister of Finance - Salary and motor car allowance	89	22	67	-	-	-
Minister of Democratic Institutions - Salary and motor car allowance	-	-	-	88	15	58
Minister of Intergovernmental and Northern Affairs and Internal Trade - Salary and motor car allowance	-	-	-	88	22	66
Total budgetary authorities	207,330	46,010	125,247	195,022	44,408	130,765
TOTAL AUTHORITIES	207,330	46,010	125,247	195,022	44,408	130,765

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 2020-2021			Fiscal year 2019-2020		
	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	expenditures for the year ending March 31, 2020 (note 1)	Expended during the quarter ended December 31, 2019	Year-to-date used at quarter-end
Budgetary expenditures						
Personnel	153,585	35,832	101,380	139,977	33,524	98,530
Transportation and communications	4,488	286	779	3,666	977	3,722
Information	15,313	1,188	2,988	7,586	1,979	6,656
Professional and special services	24,132	4,912	12,176	37,605	5,854	14,505
Rentals	1,716	992	1,810	1,018	186	1,493
Repair and maintenance	2,706	927	1,060	1,177	1,606	1,814
Utilities, materials and supplies	682	127	292	539	225	709
Acquisition of machinery and equipment	6,395	2,083	4,658	1,885	467	1,786
Transfer payments	-	-	-	2,900	251	1,390
Other subsidies and payments	819	97	539	979	(244)	624
Total gross budgetary expenditures	209,837	46,444	125,681	197,332	44,825	131,229
Less revenues netted against expenditures						
Revenues	(2,507)	(434)	(434)	(2,310)	(418)	(464)
Total revenues netted against expenditures	(2,507)	(434)	(434)	(2,310)	(418)	(464)
TOTAL BUDGETARY EXPENDITURES	207,330	46,010	125,247	195,022	44,408	130,765

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.