

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, 2022, 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, 2022 was completed in accordance with the Treasury Board Policy on Financial Management and the results and action plans are summarized in the Annex.

The effectiveness and adequacy of the Privy Council Office's system of internal control is reviewed by the work of internal audit staff, who conduct periodic audits of different areas of the Privy Council Office's operations, and by the Departmental Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting, and which recommends the financial statements to the Clerk of the Privy Council.

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

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

Matthew Shea
Chief Financial Officer

Ottawa, Canada
September 11, 2022

PRIVY COUNCIL OFFICE

Statement of Financial Position (Unaudited)

As at March 31

(in thousands of dollars) 2022 2021

Liabilities

Accounts payable and accrued liabilities (Note 4)	24,257	28,016
Vacation pay and compensatory leave	14,322	14,392
Employee future benefits (Note 5b)	3,930	4,364

Total liabilities	42,509	46,772
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Assets

Financial assets

Due from Consolidated Revenue Fund	17,181	26,033
Accounts receivable and advances (Note 6)	9,568	4,827

Total net financial assets	26,749	30,860
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Departmental net debt	15,760	15,912
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Non-financial assets

Prepaid expenses	1,134	1,692
Inventory (Note 7)	279	428
Tangible capital assets (Note 8)	33,736	28,016

Total non-financial assets	35,149	30,136
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Departmental net financial position	19,389	14,224
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Contractual obligations (Note 9)

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

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

Matthew Shea
Chief Financial Officer

Ottawa, Canada
September 11, 2022

PRIVY COUNCIL OFFICE

Statement of Operations and Departmental Net Financial Position (Unaudited)

For the Year Ended March 31

(in thousands of dollars)	Planned Results 2022	2022	2021
Expenses			
Serve the Prime Minister and Cabinet	100,160	103,746	99,778
Internal Services	112,892	128,622	125,123
Total Expenses	213,052	232,368	224,901
Revenues			
Miscellaneous revenues	25	759	587
Internal services support	2,532	6,217	845
Revenues earned on behalf of Government	(25)	(21)	(36)
Total Revenues	2,532	6,955	1,396
Net cost from continuing operations	210,520	225,413	223,505
Net cost of operations before government funding and transfers	210,520	225,413	223,505
Government funding and transfers			
Net cash provided by Government of Canada		210,137	195,646
Change in due from Consolidated Revenue Fund		(8,852)	4,830
Services provided without charge by other government departments (Note 10a)		29,411	27,043
Transfer of overpayments		(118)	(160)
Net cost of operations after government funding and transfers		(5,165)	(3,854)
Departmental net financial position - Beginning of year		14,224	10,370
Departmental net financial position - End of year		19,389	14,224

Segmented information (Note 11)

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

(in thousands of dollars)	2022	2021
Net cost of operations after government funding and transfers	(5,165)	(3,854)
Change due to tangible capital assets		
Acquisition of tangible capital assets	9,466	9,993
Amortization of tangible capital assets	(3,753)	(3,352)
Proceeds from disposal of tangible capital assets	(3)	(15)
Net (loss) or gain on disposal of tangible capital assets including adjustments	10	19
Total change due to tangible capital assets	5,720	6,645
Change due to inventory	(149)	84
Change due to prepaid expenses	(558)	480
Net increase (decrease) in departmental net debt	(152)	3,355
Departmental net debt - Beginning of year	15,912	12,557
Departmental net debt - End of year	15,760	15,912

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)	2022	2021
Operating activities		
Net cost of operations before government funding and transfers	225,413	223,505
Non-cash items:		
Amortization of tangible capital assets	(3,753)	(3,352)
Gain on disposal of tangible capital assets	10	19
Services provided without charge by other government departments (Note 10a)	(29,411)	(27,043)
Transfer of overpayments	118	160
Variations in Statement of Financial Position:		
Increase / (decrease) in accounts receivable and advances	4,741	(2,550)
Increase / (decrease) in prepaid expenses	(558)	480
Increase / (decrease) in inventory	(149)	84
Decrease / (increase) in accounts payable and accrued liabilities	3,759	(2,196)
Decrease / (increase) in vacation pay and compensatory leave	70	(3,339)
Decrease / (increase) in future employee benefits	434	(100)
Cash used in operating activities	200,674	185,668
Capital investing activities		
Acquisitions of tangible capital assets (Note 8)	9,466	9,993
Proceeds from disposal of tangible capital assets	(3)	(15)
Cash used in capital investing activities	9,463	9,978
Net cash provided by Government of Canada	210,137	195,646

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, and the ministers within the Prime Minister's portfolio and Cabinet. PCO supports the development 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.

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 was one active commission in 2021-22: Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

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 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, Portfolio Ministers and to Commissions of Inquiry. To lead and renew the public service in order to advise the government; implement its agenda; and deliver services and results to Canadians.

Internal Services

Internal services are those groups of related activities and resources that the Federal Government considers to be services in support of programs and/or required to meet corporate obligations of an organization. Internal Services refer to the activities and resources of ten distinct services that support program delivery in the organization, regardless of the Internal Services delivery model in a department. These groups are: Acquisition Management Services, Communications Services, Financial Management Services, Human Resources Management Services, Information Management Services, Information Technology Services, Legal Services, Materiel Management Services, Management and Oversight Services and Real Property Management Services.

2. Summary of significant accounting policies

These financial statements are prepared using PCO'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.

Significant accounting policies are as follows:

(a) Parliamentary authorities

PCO is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to PCO 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 2021-22 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 2021-22 Departmental Plan.

2. Summary of significant accounting policies (continued)

(b) Net cash provided by Government

PCO operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by PCO is deposited to the CRF, and all cash disbursements made by PCO are paid from the CRF. The net cash provided by 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 PCO is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues

- ✓ Revenues are recognized in the period in which the event that gave rise to the revenues occurred.
- ✓ Revenues that are non-respendable 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-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of PCO's gross revenues.

(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.

(f) Employee future benefits

- ✓ **Pension benefits:** Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. PCO's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. PCO'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.
- ✓ **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) Accounts receivable

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

2. Summary of significant accounting policies (continued)

(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 8. All tangible capital assets 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) Contingent liabilities

Contingent liabilities, including the allowance for guarantees, are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a provision is accrued and an expense recorded to other expenses. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

For guarantees, an allowance is recorded when it is determined that a loss is likely and the amount of the allowance is estimated taking into consideration the nature of the guarantee, loss experience and current conditions. The allowance is reviewed on an ongoing basis and changes in the allowance are recorded as expenses in the year they become known.

(j) 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.

(k) 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 are 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.

3. Parliamentary authorities

PCO 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, PCO 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)	2022	2021
Net cost of operations before government funding and transfers	225,413	223,505
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(3,753)	(3,352)
Gain (loss) on disposal of tangible capital assets	10	19
Services provided without charge by other government departments	(29,411)	(27,043)
Decrease / (increase) in vacation pay and compensatory leave	70	(3,339)
Decrease / (increase) in employee future benefits	434	(100)
Bad debt expense	(25)	(31)
Refund of prior years' expenditures	1,832	1,869
Tangible capital asset adjustments	-	(128)
Other	(15)	(9)
Total items affecting net cost of operations but not affecting authorities	(30,858)	(32,114)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	9,466	9,993
(Gain) loss on foreign exchange	(3)	-
Increase / (decrease) in inventory	(149)	84
Increase / (decrease) in prepaid expenses	(558)	480
Accounts receivable and advances	304	345
Total items not affecting net cost of operations but affecting authorities	9,060	10,902
Current year authorities used	203,615	202,293

(b) Authorities provided and used

(in thousands of dollars)	2022	2021
Authorities provided:		
Vote 1 - Operating expenditures	197,492	183,475
Statutory amounts	19,566	19,336
Less:		
Authorities available for future years	-	(21)
Lapsed: Operating	(13,443)	(497)
Current year authorities used	203,615	202,293

4. Accounts payable and accrued liabilities

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

(in thousands of dollars)	2022	2021
Accounts payable - Other government departments and agencies	3,228	8,356
Accounts payable - External parties	19,848	18,738
Total accounts payable	23,076	27,094
Accrued liabilities	1,181	922
Total accounts payable and accrued liabilities	24,257	28,016

5. Employee future benefits

(a) Pension benefits

PCO'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 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 2021-22 expense amounts to \$17,387,706 (\$17,187,473 in 2020-21). For Group 1 members, the expense represents approximately 1.01 times (1.01 times in 2020-21) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2020-21) the employee contributions.

PCO'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.

PRIVY COUNCIL OFFICE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

5. Employee future benefits (continued)

(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, 2018, 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)	2022	2021
Accrued benefit obligation - Beginning of year	4,364	4,264
Expense for the year	1,475	803
Benefits paid during the year	(1,909)	(703)
Accrued benefit obligation - End of year	3,930	4,364

6. Accounts receivable and advances

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

(in thousands of dollars)	2022	2021
Receivables - Other government departments and agencies	2,499	1,977
Receivables - External parties	6,901	2,673
Employee advances	217	201
Subtotal	9,617	4,851
Allowance for doubtful accounts on receivables from external parties	(49)	(24)
Net accounts receivable	9,568	4,827

7. Inventory

The following table presents details of PCO's inventory, measured at cost using the specific identification method:

(in thousands of dollars)	2022	2021
Office equipment and furniture	279	428
Total inventory	279	428

PRIVY COUNCIL OFFICE

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31

8. 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 (in thousands of dollars)	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	2022	2021
Machinery and equipment	60	-	-	-	60	60	-	-	-	60	-	-
Informatics hardware	8,452	260	(2,451)	19	6,242	4,779	573	(124)	18	5,210	1,032	3,672
Informatics software	13,810	-	2,736	-	16,546	12,038	861	-	-	12,899	3,647	1,772
Other equipment	26,090	3,324	(8,537)	41	20,836	9,415	1,721	(960)	38	10,138	10,698	16,676
Motor vehicles	674	-	49	81	642	322	111	32	75	390	252	352
Leasehold improvements	-	-	16,991	-	16,991	-	487	1,084	-	1,571	15,420	-
Assets under construction - software	3,010	2,372	(2,736)	-	2,646	-	-	-	-	-	2,646	3,010
Assets under construction - other	2,534	3,510	(6,003)	-	41	-	-	-	-	-	41	2,534
Total	54,630	9,466	49	141	64,004	26,614	3,753	32	131	30,268	33,736	28,016

(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

9. Contractual obligations

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

(in thousands of dollars)	2023	2024	2025	2026	2027	2028 and subsequent	Total
Professional and special services	6,838	-	-	-	-	-	6,838
Information	973	973	973	-	-	-	2,919
Rentals	2,905	-	-	-	-	-	2,905
Acquisition of machinery and equipment	2,090	247	247	247	247	-	3,078
Total	12,806	1,220	1,220	247	247	-	15,740

10. Related party transactions

PCO 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.

PCO enters into transactions with these entities in the normal course of business and on normal trade terms.

In addition, PCO has an agreement with the National Security and Intelligence Review Agency, the National Security and Intelligence Committee of Parliamentarians and with the Leaders' Debate Commission for the provision of finance and administration 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, the employer's contribution to the health and dental insurance plans, legal services 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)	2022	2021
Accommodation	16,227	14,633
Employer's contribution to the health and dental insurance plans	12,309	11,052
Legal services	874	1,357
Worker's compensation	1	1
Total	29,411	27,043

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 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 PCO's Statement of Operations and Departmental Net Financial Position.

b) Other transactions with other government departments and agencies

(in thousands of dollars)	2022	2021
Expenses	42,287	40,319
Revenues	6,875	1,302

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

11. Segmented information

Presentation by segment is based on PCO'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	2022	2021
Expenses				
Salaries and employee benefits	90,860	76,838	167,698	160,001
Professional and special services	4,661	17,961	22,622	21,386
Accommodation	267	17,032	17,299	15,565
Transportation and communications	1,054	3,496	4,550	1,596
Information	3,873	50	3,923	4,606
Acquisition of machinery and equipment	214	6,477	6,691	7,983
Repair and maintenance	68	2,350	2,418	3,644
Amortization of tangible capital assets	88	3,665	3,753	3,352
Rentals	801	4,747	5,548	4,715
Utilities, materials and supplies	103	417	520	678
Transfer payments	1,397	-	1,397	(24)
Other	360	(4,411)	(4,051)	1,399
Total Expenses	103,746	128,622	232,368	224,901
Revenues				
Miscellaneous	738	21	759	587
Internal support services	-	6,217	6,217	845
Revenues earned on behalf of Government	-	(21)	(21)	(36)
Total Revenues	738	6,217	6,955	1,396
Net cost from continuing operations	103,008	122,405	225,413	223,505

12. Comparative information

Certain comparative figures have been reclassified to conform to the current year's presentation.

PRIVY COUNCIL OFFICE

Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting of the Privy Council Office for Fiscal Year 2021-2022 (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) including information on internal control management, assessment results and related action plans.

Detailed information on PCO's authority, mandate, and programs can be found in its most recent Departmental Plan and Departmental Results Report:

<https://www.canada.ca/en/privy-council/corporate/transparency/planned-spending/departmental-plans/2022-2023.html>

<https://www.canada.ca/en/privy-council/corporate/transparency/reporting-spending/departmental-results-reports/2020-2021.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 system of internal control. This structure is formalized in the departmental Internal Control Over Financial Reporting framework, approved by the Clerk of the Privy Council, and includes the following:

- Organizational accountability structures as they relate to internal control management to support sound financial management including roles and responsibilities for senior managers in their areas of responsibility for internal controls management
- Values and ethics framework
- On-going communication and training on statutory requirements, policies, and procedures for sound financial management and control
- Monitoring of, and regular updates on, internal control management, as well as the provision of related assessment results and action plans to departmental senior management and the Departmental Audit Committee (DAC)

The DAC is an independent and objective advisory committee to the Clerk. It is responsible for providing advice to the Clerk on the adequacy and functioning of PCO's risk management, control and governance frameworks and processes.

2.2 Service Arrangements relevant to financial statements

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

Common Arrangements:

- Public Services and Procurement Canada (PSPC) centrally administers the payments of salaries, the procurement of certain goods and services and provides accommodation services
- On behalf of the employer, the Treasury Board Secretariat (TBS) provides PCO with information used to calculate various accruals and allowances
- The Department of Justice provides legal services to PCO
- Shared Services Canada (SSC) provides IT infrastructure services to PCO in the areas of data centre and network services. SSC also provides the service for the acquisition and provision of hardware and software for workplace technology devices to PCO.

Specific Arrangements:

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

3. Departmental assessment results during fiscal year 2021-22

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

Progress during the 2021-22 fiscal year

Previous year's rotational on-going monitoring plan for current year	Status
Operating Expenses and Procurement	Completed as planned. Remediation actions started.
Delegation of Authority	Completed as planned. Remediation actions started.
Liabilities	Completed as planned. Remediation actions started.

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

On-going 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
- Delegation of Authority
- Liabilities

Based on the monitoring procedures performed, key controls were operating as intended with opportunities for improvement identified to ensure that processes along with roles and responsibilities are reviewed, documented and formalized, and 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 3 fiscal years is shown in the following table. The ongoing monitoring plan is based on:

- an annual validation of high-risk processes and controls
- 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 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
Entity Level Controls	X		
Information Technology General Controls ¹		X	
Capital Assets and Inventory		X	
Payroll	X		
Operating Expenses and Procurement			X
Delegation of Authority			X
Liabilities			X
Accounts Receivable, Revenue, Cash and Deposits		X	
Financial Close and Reporting	X		
<p>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.</p>			