

Privy Council Office

Quarterly Financial Report

Statement outlining results, risks and significant changes in operations, personnel and programs
For the quarter ended December 31, 2022

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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 2022-23 Main Estimates and Supplementary Estimates (A) and (B). 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.

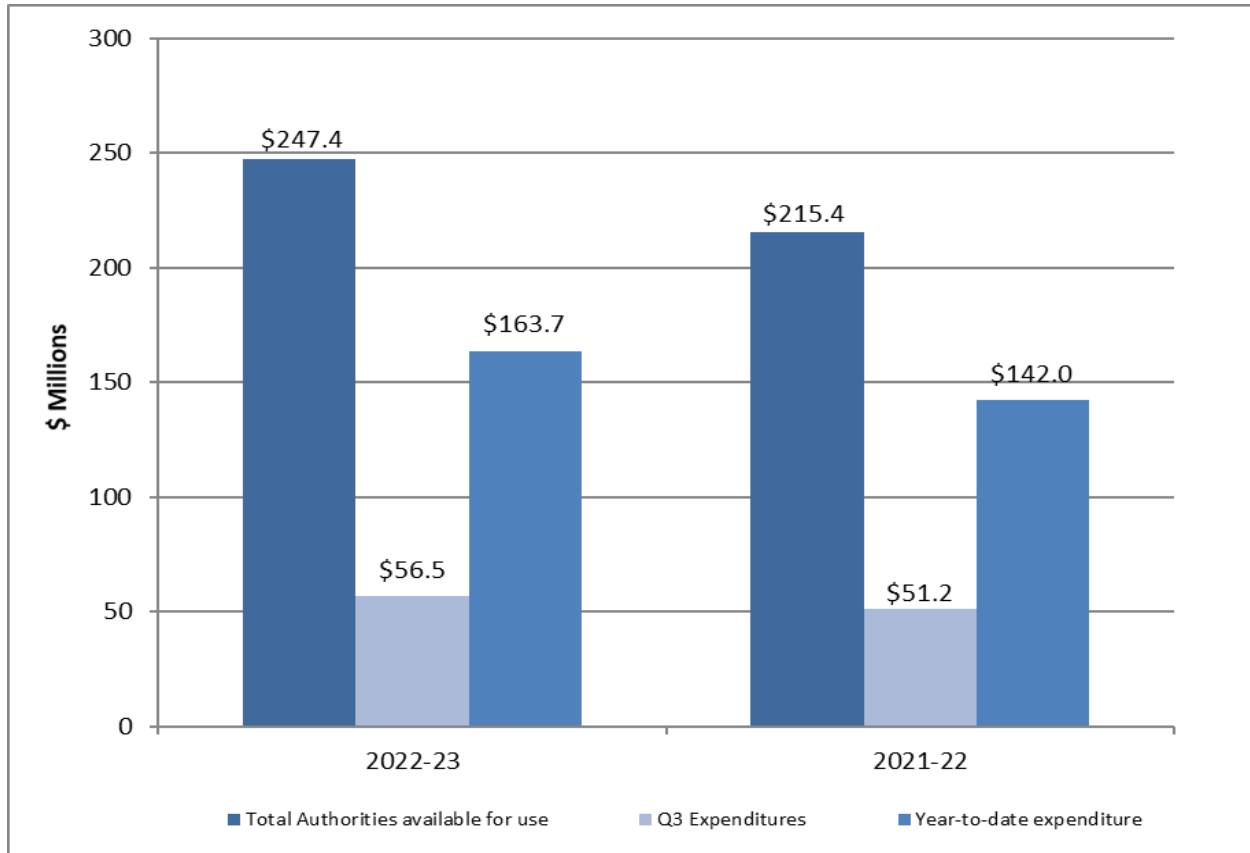
¹The notes to the annual departmental financial statements include a reconciliation between full accrual results and spending authorities.

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, 2022.

PCO spent approximately 66% of its authorities available for use by the end of both the third quarter of 2021-22 and 2022-23 (see graph 1 below).

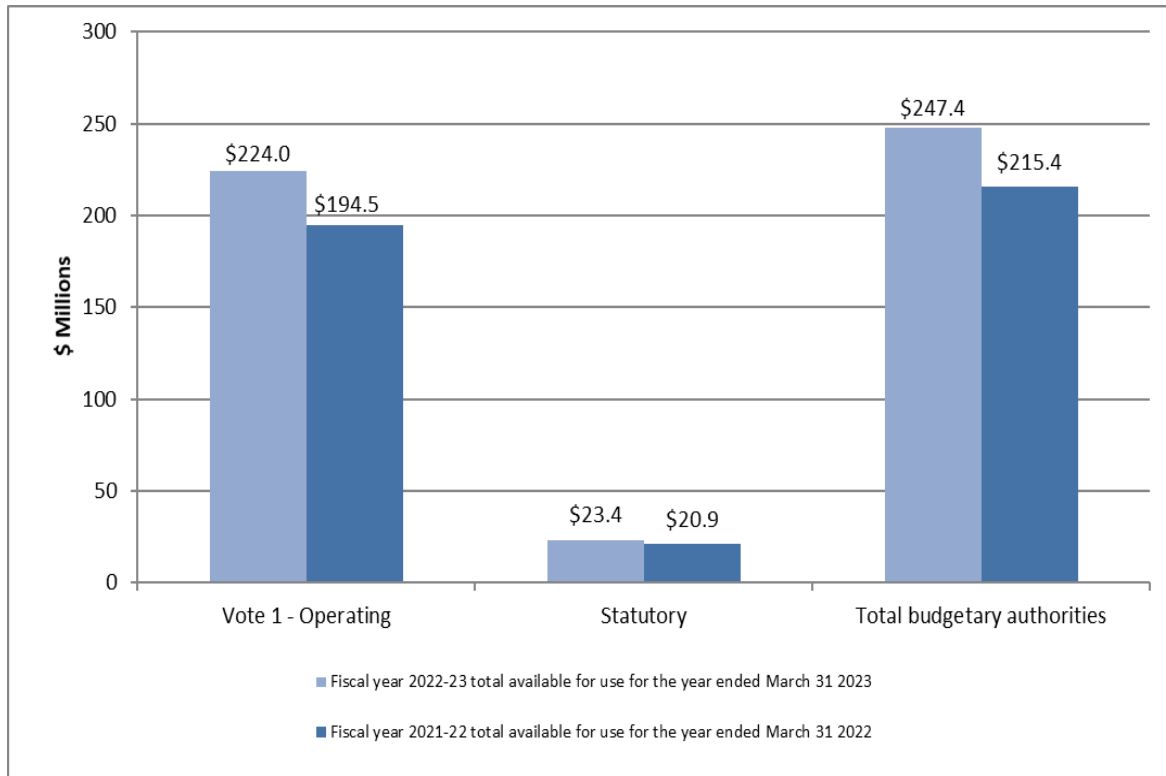
Graph 1: Comparison of Total Authorities Available for Use and Total Net Budgetary Expenditures as of Q3 2022-23 and 2021-22



Significant changes to authorities

As per graph 2 below as at December 31, 2022 and Annex A presented at the end of this document, PCO has authorities available for use of \$247.4 million in 2022-23 compared to \$215.4 million as of December 31, 2021, for a net increase of \$32.1 million or 15%.

Graph 2: Variance in Authorities as at December 31, 2022



The net increase in authorities of \$32.1 million is mainly explained by the creation of a dedicated secretariat at the Privy Council Office for emergency preparedness in support of the Minister of Emergency Preparedness and increased funding in 2022-23 approved for the Public Order Emergency Commission. These are partially offset by a decrease in funding for the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy. Commissions of Inquiry are independent organizations but are reported under PCO's financial statements.

Significant changes to quarter expenditures

The third quarter expenditures totaled \$56.5 million for a net increase of \$5.3 million (10%) when compared to \$51.2 million spent during the same period in 2021-22. Table 1 below presents budgetary expenditures by standard object.

Table 1

Variances to Expenditures by Standard Object (in thousands of dollars)	Fiscal year 2022-23 Expended during the quarter ended December 31, 2022	Fiscal year 2021-22 Expended during the quarter ended December 31, 2021	Variance \$	Variance %
Personnel	41,562	38,378	3,184	8%
Transportation and communications	1,335	1,497	(162)	(11%)
Information	1,401	942	459	49%
Professional and special services	12,400	4,421	7,979	180%
Rentals	204	3,875	(3,671)	(95%)
Repair and maintenance	157	371	(214)	(58%)
Utilities, materials and supplies	45	111	(66)	(59%)
Acquisition of machinery and equipment	3,200	1,615	1,585	98%
Transfer payments	739	416	323	78%
Other subsidies and payments	66	95	(29)	(31%)
Total gross budgetary expenditures *	61,109	51,719	9,390	18%
Less revenues netted against expenditures	(4,617)	(541)	(4,076)	753%
Total budgetary expenditures	56,492	51,178	5,314	10%

** Details may not add to totals due to rounding*

Personnel:

The increase of \$3.2 million in personnel spending is mainly due to the creation of a dedicated secretariat at the Privy Council Office for emergency preparedness in support of the Minister of Emergency Preparedness and also for personnel for the Public Order Emergency Commission and partially offset by the ramp down of activities relating to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

Professional and special services:

The increase of \$8.0 million in professional and special services is mainly due to professional services incurred because of the Public Order Emergency Commission and timing of invoicing for legal services.

Rentals:

The decrease of \$3.7 million is mainly due to a reduction in the rental of video communications equipment and offices for the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy, reduction in office rent for the Ministers' Regional Office buildings, and the timing of invoicing for software licensing.

Acquisition of machinery and equipment:

The increase of \$1.6 million is mainly related to the timing of purchases for computer equipment bought in Q3 of 2022-23 compared to Q4 in 2021-22. Additionally, PCO has purchased more computer equipment in 2022-23 compared to 2021-22. This is partially offset by a decrease in purchases for information technology security equipment.

Revenues netted against expenditures:

The increase of \$4.1M for vote netted revenue is due to the timing of billings for internal services provided to other departments and due to increased services provided in 2022-23.

Significant changes to year-to-date expenditures

The year-to-date expenditures totaled \$163.7 million for a net increase of \$21.7 million (15%) when compared to \$142.0 million spent during the same period in 2021-22. Table 2 below presents budgetary expenditures by standard object.

Table 2

Variances to Expenditures by Standard Object (in thousands of dollars)	YTD Expenditures as of December 31, 2022	YTD Expenditures as of December 31, 2021	Variance \$	Variance %
Personnel	120,958	111,879	9,079	8%
Transportation and communications	4,063	2,988	1,075	36%
Information	4,003	2,812	1,191	42%
Professional and special services	25,663	13,749	11,914	87%
Rentals	4,979	5,665	(686)	(12%)
Repair and maintenance	277	518	(241)	(47%)
Utilities, materials and supplies	248	250	(2)	(1%)
Acquisition of machinery and equipment	5,387	3,703	1,684	45%
Transfer payments	1,984	416	1,568	377%
Other subsidies and payments	831	733	98	13%
Total gross budgetary expenditures *	168,393	142,711	25,682	18%
Less revenues netted against expenditures	(4,673)	(735)	(3,939)	536%
Total budgetary expenditures	163,720	141,977	21,743	15%

** Details may not add to totals due to rounding*

Personnel:

The overall increase of \$9.1 million in personnel spending is mainly due to activities relating to the Public Order Emergency Commission and the creation of a dedicated secretariat for emergency preparedness in support of the Minister of Emergency Preparedness.

Professional and special services:

The increase of \$11.9 million in professional and special services is mainly due to professional services incurred as a result of the Public Order Emergency Commission and timing of invoicing for legal services.

Acquisition of machinery and equipment:

The increase of \$1.7 million is mainly related to the timing of purchases for computer equipment bought in Q3 of 2022-23 compared to Q4 in 2021-22. Additionally, PCO has purchased more computer equipment in 2022-23 compared to 2021-22. This is partially offset by a decrease in purchases for information technology security equipment.

Transfer payments:

Transfer payments increased by \$1.6 million due to the Joint Public Inquiry into the Nova Scotia April 2020 Tragedy.

Revenues netted against expenditures:

The increase of \$3.9M for vote netted revenue is due to the timing of billings for internal services provided to other departments and due to increased services provided in 2022-23.

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.

Significant changes in relation to operations, personnel and programs

In October 2022, Shawn Tupper, previously the Deputy Secretary to the Cabinet (Operations) was appointed as the Deputy Minister of Public Safety and Kaili Levesque was appointed as Deputy Secretary to the Cabinet (Operations). An [organization chart](#) is regularly updated and posted on the PCO website.

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

Approval by senior officials:

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

Matthew Shea
Chief Financial Officer and Assistant Secretary
to Cabinet, Ministerial Services and Corporate
Affairs

*Ottawa, Canada
Wednesday March 1, 2023*

Privy Council Office
Quarterly Financial Report
For the quarter ended December 31, 2022
STATEMENT OF AUTHORITIES (unaudited) (note 2)

(In thousands of dollars)

	Fiscal year 2022-2023			Fiscal year 2021-2022		
	Total available for use for the year ending March 31, 2023 (note 1)	Used during the quarter ended December 31, 2022	Year-to-date used at quarter-end	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
Vote 1 - Net operating expenditures	224,007	51,348	148,289	194,498	46,135	126,849
Budgetary statutory authorities						
Contributions to employee benefits plans	23,051	5,026	15,079	20,514	4,927	14,782
Prime Minister - Salary and motor car allowance	190	48	144	188	47	141
Leader of the Government in the House of Commons - Salary and car allowance	93	23	69	91	23	68
President of the King's Privy Council for Canada and Minister of Emergency Preparedness - Salary and motor car allowance	93	23	69	91	15	15
President of the King's Privy Council for Canada and the Minister of Intergovernmental Affairs - Salary and motor car allowance	-	-	-	-	15	60
Minister of Intergovernmental Affairs, Infrastructure and Communities - Salary and motor car allowance	-	23	69	-	8	8
Minister and Special Representative for the Prairies - Salary and motor car allowance	-	-	-	-	8	53
Total budgetary authorities	247,433	56,492	163,720	215,381	51,178	141,977
TOTAL AUTHORITIES	247,433	56,492	163,720	215,381	51,178	141,977

Note 1: Includes only Authorities available for use and granted by Parliament at quarter-end for each respective fiscal year (Including Frozen Allotments).

Note 2: Details may not add to totals due to rounding.

Privy Council Office
Quarterly Financial Report
For the quarter ended December 31, 2022
Departmental budgetary expenditures by Standard Object (unaudited) (note 2)

	Fiscal year 2022-2023			Fiscal year 2021-2022		
	Planned expenditures for the year ending March 31, 2023 (note 1)	Expended during the quarter ended December 31, 2022	Year-to-date used at quarter-end	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
<i>(In thousands of dollars)</i>						
Budgetary expenditures						
Personnel	181,024	41,562	120,958	164,331	38,378	111,879
Transportation and communications	4,365	1,335	4,063	4,898	1,497	2,988
Information	5,305	1,401	4,003	3,748	942	2,812
Professional and special services	32,504	12,400	25,663	29,098	4,421	13,749
Rentals	6,947	204	4,979	2,802	3,875	5,665
Repair and maintenance	3,135	157	277	3,289	371	518
Utilities, materials and supplies	556	45	248	725	111	250
Acquisition of machinery and equipment	13,018	3,200	5,387	9,339	1,615	3,703
Transfer payments	2,393	739	1,984	3,346	416	416
Other subsidies and payments	3,630	66	831	462	95	733
Total gross budgetary expenditures	252,877	61,109	168,393	222,038	51,719	142,711
Less revenues netted against expenditures						
Revenues	(5,444)	(4,617)	(4,673)	(6,657)	(541)	(735)
Total revenues netted against expenditures	(5,444)	(4,617)	(4,673)	(6,657)	(541)	(735)
TOTAL BUDGETARY EXPENDITURES	247,433	56,492	163,720	215,381	51,178	141,977

Note 1: Includes only Authorities available for use and granted by Parliament at quarter-end for each respective fiscal year (Including Frozen Allotments).

Note 2: Details may not add to totals due to rounding.