

Secretariat of the National Security and Intelligence Committee of Parliamentarians

Quarterly Financial Report For the quarter ended September 30, 2018

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Introduction

This Quarterly Financial 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 2018-19 Main Estimates. This quarterly report has not been subject to an external audit or review.

Mandate

The National Security and Intelligence Committee of Parliamentarians Act received Royal Assent on June 22, 2017. It formally establishes the Secretariat of the National Security and Intelligence Committee of Parliamentarians (the Secretariat). The Secretariat assists the National Security and Intelligence Committee of Parliamentarians in fulfilling its mandate, which is to review:

- The legislative, regulatory, policy, administrative and financial framework for national security and intelligence;
- Any activity carried out by a department that relates to national security or intelligence, unless the activity is an ongoing operation and the appropriate Minister determines that the review would be injurious to national security; and
- Any matter relating to national security or intelligence that a minister of the Crown refers to the Committee.

The Secretariat ensures the Committee receives timely access to relevant, classified information and strategic and expert advice in the exercise of Committee reviews. It assists in the development of Committee reports and provides support to ensure compliance with security requirements.

As the Secretariat was created in 2017-18, no Program Alignment Architecture existed for reporting purposes. A Departmental Results Framework and accompanying Program Inventory is under development, to be completed by the 2019-20 fiscal year.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the department's spending authorities granted by Parliament, and those used by the department consistent with the Main Estimates and Supplementary Estimates (as applicable) for the 2018-2019 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework 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.

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

Highlights of the fiscal quarter and the fiscal year to date (YTD) results

Given that this is the first full year of existence of the Secretariat, no trend comparisons are available for actual expenditures nor for planned expenditures when compared to the same period in the preceding fiscal year. The Secretariat's financial processes will be refined as the fiscal year progresses.

Please note that for the period ending September 30, 2018, the authorities provided to the Secretariat included the Main Estimates.

Both in this quarter and in the year to date, Employee Benefit Plans and compensation represent the most significant financial expenditures for the organization. Prior to the Secretariat's establishment within the Phoenix Pay System, it used secondment agreements with other organizations as a temporary approach for staffing. As secondment agreements for Secretariat employees expired and with its creation within Phoenix, these same employees signed deployment letters of offer with the Secretariat. Expenditures include salary for Secretariat staff and reimbursements to their previous federal departments for the appropriate periods of employment.

The Secretariat moved to its new permanent facility at the end of September 2018. Expenditures in this quarter included the acquisition of material for this new facility, such as furniture, information technology and other audiovisual equipment. Costs incurred in this quarter also relate to the Secretariat's payments for specific security services as part of its agreement for co-location with the

Office of the Communications Security Establishment Commissioner. These expenditures represent the bulk of the organization's spending in the year to date.

Risks and Uncertainties

With the completion of renovations for the Secretariat and Committee's permanent facilities, the Secretariat may incur additional costs to adjust the facility to serve its day-to-day activities. Also of note, the Secretariat expects to receive all final invoices associated with the renovation and construction of the facility prior to the end of the current fiscal year. The Secretariat and PCO will continue to engage partners to ensure the timely receipt and payment of all outstanding invoices. Notable costs associated with the new facility include renovation, security, and information technology costs.

Following these one-time renovation expenditures, the funding profile will stabilize. Notable ongoing expenditures will include employee compensation plans and costs associated with the day-to-day support of the Committee. The Secretariat finalized staffing and recruitment initiatives in the second quarter and its full complement of ten employees was in place at the beginning of October 2018.

The Secretariat has signed agreements with other federal organizations to receive dedicated corporate support and security. The Privy Council Office in particular provides corporate support to the Secretariat, which includes security, information technology and human resources.

Further assessments of key risks, their likelihood and the implications for the organization will be conducted later this fiscal year.

Significant changes in relation to operations, personnel and programs

As this is the first year of operation of the Secretariat, there are no changes to report in relation to Operation, Personnel and Programs. The Secretariat has established its organizational and governance structure to support the delivery of its mandate.

Approval by Senior Officials

Rennie Marcoux, Executive Director

Ottawa, Ontario

Signed November 23, 2018

Sean Jorgensen, Director of Operations and Chief Financial Officer

Ottawa, Ontario

Signed November 23, 2018

**SECRETARIAT OF THE NATIONAL SECURITY AND INTELLIGENCE
COMMITTEE OF PARLIAMENTARIANS**

Quarterly Financial Report

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

<i>(In dollars)</i>	Fiscal year 2018-2019		
	Total available for use for the year ending March 31, 2019 (note 1)	Used during the quarter ended Sept 30, 2018	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	3,294,747	235,569	254,361
Budgetary statutory authorities			
Contributions to employee benefits plans	199,081	49,770	99,540
Spending of proceeds from the disposal of surplus Crown assets	-		-
Total budgetary authorities	3,493,828	285,339	353,901
TOTAL AUTHORITIES	3,493,828	285,339	353,901

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

**SECRETARIAT OF THE NATIONAL SECURITY AND INTELLIGENCE
COMMITTEE OF PARLIAMENTARIANS**

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

<i>(In dollars)</i>	Fiscal year 2018-2019		
	Planned expenditures for the year ending March 31, 2019 (note 1)	Expended during the quarter ended Sept 30, 2018	Year-to-date used at quarter-end
Budgetary expenditures			
Personnel	1,673,026	118,761	177,681
Transportation and communications	327,040	11,930	16,393
Information	55,500	4,100	4,100
Professional and special services	1,226,803	78,652	83,832
Rentals	86,705		-
Repair and maintenance	-	7,536	7,536
Utilities, materials and supplies	15,200	-	-
Acquisition of machinery and equipment	109,554	64,382	64,382
Transfer payments	-	-	-
Public debt charges	-	-	-
Other subsidies and payments	-	23	23
Total gross budgetary expenditures	3,493,828	285,339	353,901
Less revenues netted against expenditures			
Revenues	-	-	-
Total revenues netted against expenditures	-	-	-
TOTAL BUDGETARY EXPENDITURES	3,493,828	285,339	353,901

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