

# Secretariat of the National Security and Intelligence Committee of Parliamentarians

## Quarterly Financial Report For the quarter ended December 31, 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 reviews by the Committee. It assists in the development of 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 are under development, to be completed during 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 December 31, 2018, the authorities provided to the Secretariat included the Main Estimates and Supplementary Estimates 'A'.

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. This process remains ongoing. Expenditures include salary for Secretariat staff and reimbursements to their previous federal departments for the appropriate periods of employment.

In addition to personnel, Secretariat expenditures in this quarter also included payment for professional and special services. Expenditures under this rubric include payments for informatics services, notably for secure information technology equipment, protection services to monitor and secure the Secretariat's permanent facility throughout the renovation phase, and hospitality.

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. This remains the case through the end of the current reporting period.

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**

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Rennie Marcoux, Executive Director  
Ottawa, Ontario  
Signed: February 26, 2019

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Sean Jorgensen, Director of Operations and Chief Financial Officer  
Ottawa, Ontario  
Signed: February 22, 2019

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

**Quarterly Financial Report**

For the quarter ended December 31, 2018

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 Dec 31, 2018	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	6,572,965	632,109	886,470
Budgetary statutory authorities			
Contributions to employee benefits plans	199,081	49,771	149,311
Spending of proceeds from the disposal of surplus Crown assets	-		-
Total budgetary authorities	6,772,046	681,880	1,035,781
<b>TOTAL AUTHORITIES</b>	<b>6,772,046</b>	<b>681,880</b>	<b>1,035,781</b>

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  
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**Quarterly Financial Report**

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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 Dec 31, 2018	Year-to-date used at quarter-end
<b>Budgetary expenditures</b>			
Personnel	1,673,026	444,275	621,956
Transportation and communications	332,040	8,285	24,678
Information	77,100	2,685	6,785
Professional and special services	1,526,803	221,565	305,397
Rentals	86,705	-	-
Repair and maintenance	2,626,618	-	7,536
Utilities, materials and supplies	40,200	-	-
Acquisition of machinery and equipment	409,554	5,070	69,452
Transfer payments	-	-	-
Public debt charges	-	-	-
Other subsidies and payments	-	-	(23)
<b>Total gross budgetary expenditures</b>	<b>6,772,046</b>	<b>681,880</b>	<b>1,035,781</b>
<b>Less revenues netted against expenditures</b>			
Revenues	-	-	-
<b>Total revenues netted against expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL BUDGETARY EXPENDITURES</b>	<b>6,772,046</b>	<b>681,880</b>	<b>1,035,781</b>

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