

Secretariat of the National Security and Intelligence Committee of Parliamentarians

Quarterly Financial Report For the quarter ended June 30, 2019

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Rapport financier trimestriel pour le trimestre se terminant le 30 juin 2019 - Secrétariat du Comité des parlementaires sur la sécurité nationale et le renseignement

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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 2019-20 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.

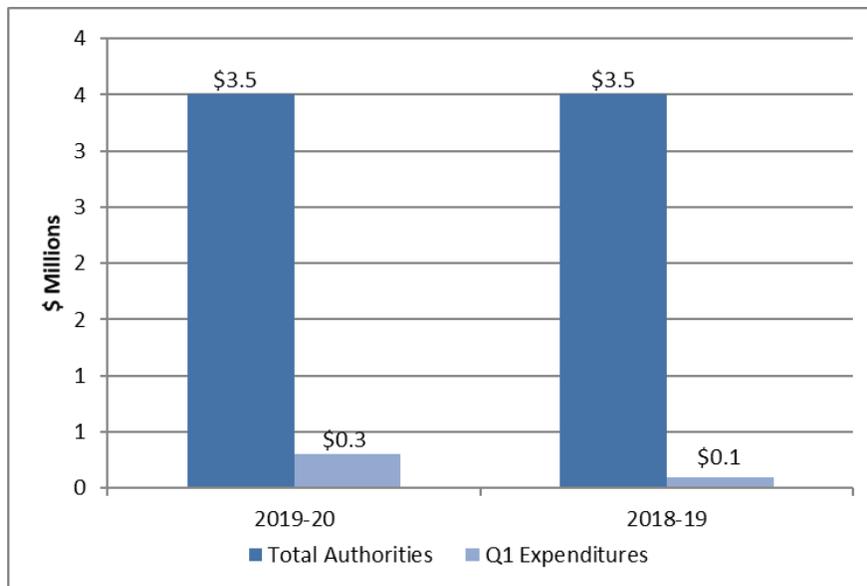
The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts, or through legislation in the form of statutory spending authority for specific purposes.

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

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 June 30, 2019.

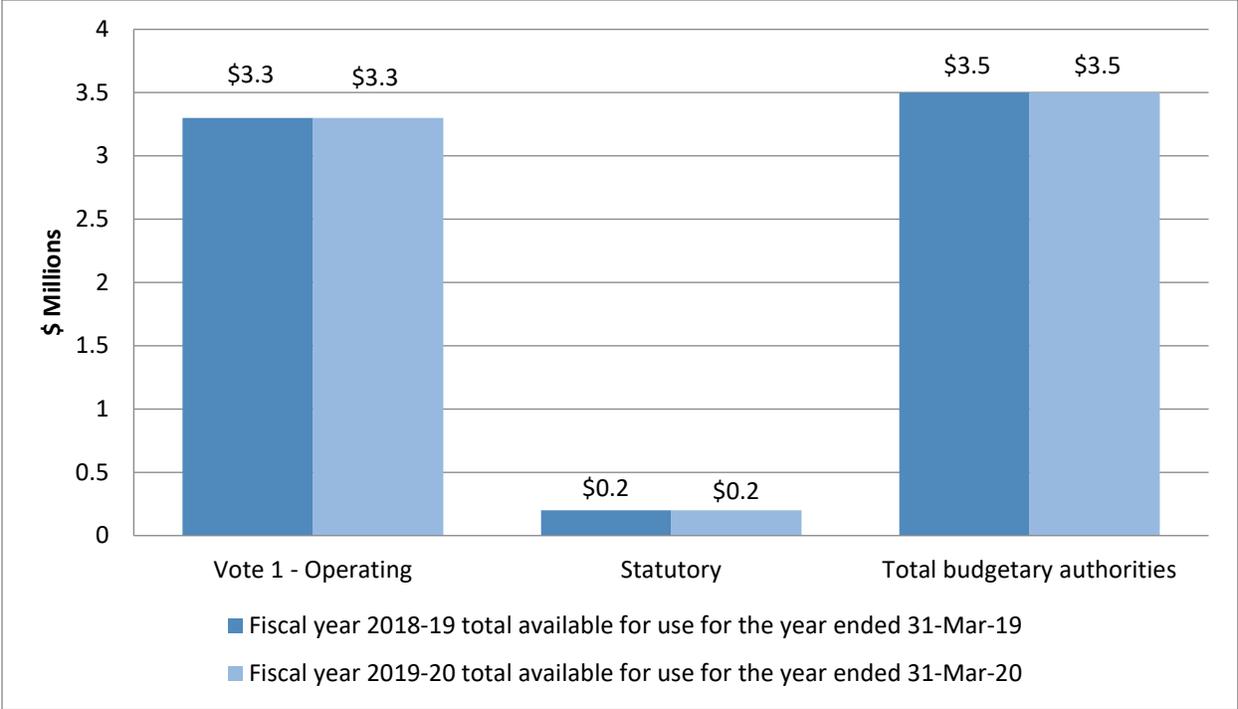
The Secretariat spent approximately 9% of its authorities by the end of the first quarter, compared to 2% in the same quarter of 2018-19 (see graph 1 below).



Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q1 2019-2020 and 2018-2019

Significant changes to authorities

As per graph 2 below as at June 30, 2019 and Annex B, presented at the end of this document, the Secretariat has authorities available for use of \$3.5 million in 2019-20 compared to \$3.5 million as of June 30, 2018, resulting in no variance quarter over quarter.



Graph 2: Variance in Authorities as at June 30, 2019

Significant changes to expenditures

Year-to-date expenditures recorded to the end of the first quarter increased by \$229K from the previous year at the same time. Table 1 below presents budgetary expenditures by standard object.

Material Variances to Expenditures by Standard Object (in thousands of dollars)	Fiscal year 2019-20 Expended during the quarter ended 30- June-2019	Fiscal year 2018-19 Expended during the quarter ended 30- June-2018	Variance \$	Variance %
Personnel	262	59	203	345%
Transportation and communications	8	5	3	67%
Information	4	-	4	-
Professional and special services	15	5	10	192%
Rentals	2	-	2	-
Repair and maintenance	-	-	-	-
Utilities, materials and supplies	2	-	2	-
Acquisition of machinery and equipment	4	-	4	-
Transfer payments	-	-	-	-
Other subsidies and payments	1	-	1	-
Total gross budgetary expenditures	298	69	229	334%

* Details may not add to totals due to rounding

Personnel

The increase of \$203,000 is mainly attributable to the Secretariat operating with a full staff complement in the current reporting period. In the first quarter of the 2018-19 fiscal year, the Secretariat was engaged in building the tangible structures of the organization, including the recruitment of employees, and was operating with a partial staff complement at that time.

Information

The increase of \$4,000 is attributable to a contract for professional communications assistance in support of the tabling of the Committee's first Annual Report in Parliament on April 9, 2019. In the first quarter of the 2018-19 fiscal year, the Committee and the Secretariat were launching the organization and its review activities. At the time, there was no requirement for these types of expenditures.

Professional and Special Services

The increase of \$10,000 is attributable to the need for translation services in support of the preparation of the Committee's 2018 Annual Report and for its 2019 reviews. The Secretariat also engaged professional advisory services to assist with the preparation of its 2019 Special Report. In the first quarter of the 2018-19 fiscal year, the Committee and the Secretariat were launching the organization and its review activities. At the time, there was no requirement for these types of expenditures.

Risks and Uncertainties

This Departmental Quarterly Financial Report reflects the results of the current fiscal period in relation to the 2019-20 Main Estimates.

While renovations to the Secretariat's facility were completed in the previous fiscal year and all outstanding bills paid prior to the end of 2018-19, the Secretariat expects to incur unanticipated additional costs to meet certain facility standards. Although estimates have been provided for these adjustments, additional unforeseen expenditures associated with this work may exert financial pressure on the organization. Similarly, the Secretariat is finalizing a memorandum of understanding with Shared Services Canada for the provision of information technology support, which has yet to be fully costed.

The Secretariat does not expect to request additional funding and is planning to conduct all activities and operations within the current funding envelope.

Significant changes in relation to operations, personnel and programs

The Secretariat's operating environment has not significantly changed. 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
August 22, 2019

Sean Jorgensen, Director of Operations and Chief Financial Officer
Ottawa, Ontario
August 21, 2019

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STATEMENT OF AUTHORITIES (unaudited) (note 2)

(In dollars)

	Fiscal year 2019-2020			Fiscal Year 2018-19		
	Total available for use for the year ending March 31, 2020 (note 1)	Used during the quarter ended June 30, 2019	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2019 (note 1)	Used during the quarter ended June 30, 2018	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	3,271,323	242,735	242,735	3,294,747	18,792	18,792
Budgetary statutory authorities				-	-	-
Contributions to employee benefits plans	219,405	54,851	54,851	199,081	49,770	49,770
Total budgetary authorities	3,490,728	297,587	297,587	3,493,828	68,562	68,562
TOTAL AUTHORITIES	3,490,728	297,587	297,587	3,493,828	68,562	68,562

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.

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

<i>(In dollars)</i>	Fiscal year 2019-2020			Fiscal Year 2018-19		
	Planned expenditures for the year ending March 31, 2020 (note 1)	Expended during the quarter ended June. 30, 2019	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2019 (note 1)	Used during the quarter ended June 30, 2018	Year-to-date used at quarter-end
Budgetary expenditures						
Personnel	1,653,425	262,324	262,324	1,673,026	58,920	58,920
Transportation and communications	330,004	7,458	7,458	327,040	4,462	4,462
Information	56,003	3,800	3,800	55,500	-	-
Professional and special services	1,137,921	15,068	15,068	1,226,803	5,179	5,179
Rentals	87,491	1,840	1,840	86,705	-	-
Repair and maintenance	100,000	-	-	-	-	-
Utilities, materials and supplies	15,337	1,474	1,474	15,200	-	-
Acquisition of machinery and equipment	110,547	4,317	4,317	109,554	-	-
Transfer payments	-	-	-	-	-	-
Other subsidies and payments	-	1,305	1,305	-	-	-
Total gross budgetary expenditures	3,490,728	297,587	297,587	3,493,828	68,562	68,562
TOTAL BUDGETARY EXPENDITURES	3,490,728	297,587	297,587	3,493,828	68,562	68,562

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