



Environment  
Canada

Environnement  
Canada



# DEPARTMENTAL QUARTERLY FINANCIAL REPORT

## Q2/2015-2016



**Environment Canada Quarterly Financial Report**  
**Statement outlining results, risks and significant changes in operations,**  
**personnel and programs**  
**For the quarter ended September 30, 2015**

## **Introduction**

This second 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 Treasury Board (TB). This quarterly report should be read in conjunction with the Main Estimates, Supplementary Estimates and the previous Quarterly Financial Reports.

A summary description of the Environment Canada Raison d'être and program activities can be found in [Part II of the Main Estimates](#).

This quarterly report has not been subject to an external audit or review.

## **Basis of presentation**

This quarterly report has been prepared by management using an expenditure basis of accounting (modified cash accounting). The accompanying Statement of Authorities includes Environment Canada's spending authorities granted by Parliament and those used by the Department, consistent with the Main Estimates and Supplementary Estimates for the 2015-2016 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 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.

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

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

### **Statement of Authorities (Table 1)**

This quarterly report, ending September 30, 2015, reflects the authorities that were approved for this period. The funding available for use includes the 2015-2016 Main Estimates, the Supplementary

Estimates "A" and the Operating and Capital budget carry-forwards. Authorities for Supplementary Estimates "B" and "C" will follow through later this year. Environment Canada's authorities "Total available for use for the year ending March 31, 2016" is higher by approximately \$44.2M (\$1,035.4M - \$991.2M)<sup>1</sup> when compared to the same quarter of the previous year. This difference is explained by increases in Vote 1 - Operating of \$18.6M (\$744.1M - \$725.5M)<sup>1</sup>, in Vote 5 – Capital of \$20.1M (\$84.6M - \$64.5M)<sup>1</sup> and in Vote 10 - Grants and Contributions of \$11.0M (\$118.3M - \$107.3M)<sup>1</sup>, offset by decreases in Budgetary statutory authorities for the Employee Benefit Plan, Minister's Salary and Car Allowance, and the Nature Conservancy of Canada of \$5.5M (\$88.4M - \$93.9M)<sup>1</sup>.

***The \$18.6M net increase compared to last fiscal year in the Operating authorities is due to the following:***

- \$13.2M increase related to Meteorological Services of Canada Renewal;
- \$4.4M increase under the Clean Air Regulatory Agenda;
- \$3.9M increase related to the assessment and remediation of federal contaminated sites;
- \$3.1M increase under the National Conservation Plan;
- \$2.6M increase for the World Class Oil Spills Regime;
- \$1.6M increase for the Federal Infrastructure Initiative;
- \$0.8M increase under the Genomics Research and Development Initiative; and,
- \$0.5M increase due to higher Operating Carry Forward received this year.

***offset by:***

- \$4.4M decrease under the Meteorological and Navigational Warning Services for the Arctic Ocean Initiative;
- \$2.0M decrease under the Major Projects Management Office Initiative;
- \$1.6M decrease due to transfer to Canadian Space Agency for the RADARSAT Constellation Mission Major Crown Project;
- \$1.4M decrease related to the Departmental Financial Management System Implementation;
- \$1.4M decrease under the Great Lake Nutrient Initiative; and,
- \$0.7M net decrease from various other smaller adjustments.

***The \$20.1M net increase compared to last fiscal year in the Capital authorities is due to the following:***

- \$7.6M increase for the Federal Infrastructure Initiative;
- \$7.1M increase related to Meteorological Services of Canada Renewal;
- \$3.1M increase for the World Class Oil Spills Regime;
- \$2.0M increase due to the higher Capital Carry Forward received this year; and,
- \$0.3M increase under the National Conservation Plan.

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<sup>1</sup> See Statement of Authorities.

***The \$11.0M net increase compared to last fiscal year in the Grants and Contributions authorities is due to the following:***

- \$42.3M increase for the National Conservation Plan; and,
- \$1.6M increase for facilitating Aboriginal participation in West Coast Energy Development.

***offset by:***

- \$25.0M decrease to the Sustainable Development Technology Canada (SDTC) for the Next Generation Biofuels Fund;
- \$6.5M decrease to the SDTC for Sustainable Development Technology Fund;
- \$1.2M decrease for Inuit Impact and Benefit Agreement; and,
- \$0.2M net decrease from various other smaller adjustments.

***The \$5.5M net decrease compared to last fiscal year in the Budgetary statutory authorities is mainly due to the following:***

- \$8.8M decrease payment made to the Nature Conservancy of Canada.

***offset by:***

- \$3.3M net increase under the Employee Benefit Plan (EBP).

### ***Expenditure Analysis***

In the second quarter of 2015-2016, total net budgetary expenditures were \$243.7M compared to \$232.7M reported for the same period in 2014-2015, resulting in an increase of \$11.0M (4.7%). The year to date expenditures as of September 30, 2015 is \$420.7M which represents a decrease of \$31.7M (7.0%) compared to the same period last year.

Vote 1 – Operating authorities used during the second quarter of 2015-2016 totaled \$182.3M, which represents a minor decrease of \$3.7M (2.0%) compared to the same quarter in 2014-2015. Year to date expenditures totaled \$324.5M, which represents a decrease of \$36.1M compared to the same period last year and is mainly due to a one-time transition payment for implementing salary payments in arrears by the Government of Canada paid in the first quarter of 2014-2015, a reduction of payments for severance pay following the signature of collective bargaining, and a decrease in professional and special services.

Vote 5 – Capital authorities used during the second quarter of 2015-2016 totaled \$3.0M, which represents a decrease of \$5.9M (66.6%) compared to the same quarter in 2014-2015. This decrease is mainly attributable to the timing of expenditures being recorded, the completion of SAP project, as well as acquisition of equipment to support the Weather radio network in 2014-2015.

Vote 10 – Grants and Contributions authorities used during the second quarter of 2015-2016 totaled \$36.5M, which represents an increase of \$19.9M (119.9%) compared to the same quarter in 2014-2015. The increase is mainly due to grant and contribution payments under the National Conservation Plan (NCP), which are higher and issued earlier this year.

Statutory authorities used during the second quarter of 2015-2016 totaled \$21.9M, which represents an increase of \$0.6M (3.2%) compared to the same quarter in 2014-2015, due to higher expenditures tied to the Employee Benefit Plan. Year to date expenditures have decreased by \$7.5M compared to last year and is due to a payment of \$8.8M to the Nature Conservancy of Canada (NCC) issued in 2014-2015.

### **Statement of Departmental Expenditures by Standard Object (Table 2)**

Personnel expenditures have decreased by \$1.5M (1.0%) compare to the same quarter last year. Year to date expenditures have decreased by \$11.5M (3.6%). Both decreases are mainly explained by reduction of payments in lieu of severance pay.

Transportation and communications have decreased by \$2.3M (23.9%) compared to the same quarter last year. This is mainly due to reduction of expenditures in Public Servant Travel.

Professional and special services expenditures have decreased by \$4.1M (16.4%) compared to the same quarter last year. This is mainly explained by a reduction in use of management consultant and changes in the management of the visiting fellowships program which created delays in signing new contracts.

Rentals expenditures have decreased by \$3.3M (22.7%) in the second quarter. This is mainly due to the timing of payments of various leases.

Acquisition of machinery and equipment has decreased by \$5.3M (74.3%) in the second quarter. This is mainly attributable to the timing of expenditures being recorded as well as acquisition of equipment to support the Weather radio network in 2014-2015.

Transfer Payments expenditures have increased by \$19.9M (119.9%) in the second quarter. The increase is mainly due to grant and contribution payments under the National Conservation Plan (NCP), which is higher and issued earlier this year. This increase is offset by the timing in payment of contribution for Canada's share of the Commission of Environmental Co-operation (CEC), and assessed contribution to the World Meteorological Organization (WMO). Year to date expenditures are also affected by a decrease due to timing in the payment of the contribution to the United Nations Environment Program (UNEP) for Canada's annual core contribution.

Other subsidies and payments have decreased by \$0.3M (9.3%) compare to the same quarter last year. Year to date expenditures have decreased by \$20.0M (85.8%) and is due to a one-time transition payment for implementing salary payments in arrears by the Government of Canada in fiscal year 2014-2015.

Revenues have decreased by \$9.0M (63.9%) compared to the second quarter last year which is mainly attributable to the timing of the collection of revenues for various programs.

## **Risks and Uncertainties**

Environment Canada is primarily funded through voted parliamentary spending authorities for operating expenditures, capital expenditures and transfer payments as well as statutory authorities. The Department is also partially funded through vote-netted revenue. Environment Canada's planned spending reflects approved funding by Treasury Board to support the departmental Strategic Outcomes and Programs.

Environment Canada's objectives and strategic outcomes are influenced by various internal and external factors. Environment Canada's 2014-2017 Corporate Risk Profile includes the following Corporate Risks: Delivering Environment Canada Services, Working with Partners/Stakeholders, Workforce Readiness, Managing Information and Regulatory/Legislation.

Environment Canada's proactively manages risks through monitoring, with adjustments made to strategies, resources or programs to ensure appropriate management actions are taken and mitigation measures are applied as required. Environment Canada's Blueprint 2020 engagement strategies have also been considered in the development of the following key mitigating activities and management actions:

- Maintaining governance structures, channels, protocols and agreements to ensure effective delivery Environment Canada services, such as weather warnings, forecasts and air quality services, through concerted actions. The viability and readiness of the Business Continuity Plan is tested and training on emergency response is provided.
- Building and strengthening relations with stakeholders and partners, domestically and internationally, through collaborative planning networks/processes to facilitate better sharing of information, understanding of strategic priorities and regulatory/legislative expectations, clarity of roles and responsibilities and more timely mitigating actions as required.
- Building and retaining a capable workforce through, working with universities, training and the promotion of a culture of performance management.
- Continuing to promote security awareness for all employees and to advance the implementation of protocols and procedures, linked to the management of information, its security and related quality assurance.

Risk management continues to be a key activity for the Department. Environment Canada continues to integrate risk information into priority setting, business and resource planning, performance management and decision making.

Approved by:



Michael Martin, Deputy Minister



Carol Najm, ADM  
Finance Branch and  
Chief Financial Officer



Date

Gatineau

City



Date

Gatineau

City



Environment Canada  
For the quarter ended September 30, 2015  
Statement of Authorities (unaudited) – Table 1

	Fiscal year 2015-2016			Fiscal year 2014-2015		
	Total available for use for the year ending March 31, 2016*	Used during the quarter ended September 30, 2015	Year to date used at quarter end	Total available for use for the year ending March 31, 2015	Used during the quarter ended September 30, 2014	Year to date used at quarter end
(In thousands of dollars)						
Vote 1 – Net Operating expenditures	744,070	182,307	324,504	725,505	185,979	360,572
Vote 5 – Capital expenditures	84,637	2,962	6,967	64,526	8,860	11,423
Vote 10 – Grants and contributions	118,341	36,490	45,364	107,287	16,598	29,032
Statutory – Employee Benefits Plan	88,322	21,900	43,800	84,993	21,212	42,424
Statutory – Minister’s Salary & Car Allowance	82	20	41	80	20	40
Statutory – Refund of previous years revenue	0	0	0	0	6	6
Statutory - Spending of proceeds from the disposal of surplus Crown assets	0	7	7	0	59	59
Statutory - Nature Conservancy of Canada	0	0	0	8,792	0	8,792
<b>Total Budgetary authorities</b>	<b>1,035,452</b>	<b>243,686</b>	<b>420,683</b>	991,183	232,734	452,348
<b>Non-bugetary authorities</b>	-	-	-	-	-	-
<b>Total authorities</b>	<b>1,035,452</b>	<b>243,686</b>	<b>420,683</b>	991,183	232,734	452,348

\* The Total funding available for use includes the 2015-2016 Main Estimates, Supplementary Estimates A and the Operating and Capital budget carry-forwards. Authorities for Supplementary Estimates “B” and “C” will follow later this year.

Environment Canada

For the quarter ended September 30, 2015

Departmental budgetary expenditures by Standard Object (unaudited) – Table 2

	Fiscal year 2015-2016			Fiscal year 2014-2015		
	Planned expenditures for the year ending March 31, 2016*	Expended during the quarter ended September 30, 2015	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2015	Expended during the quarter ended September 30, 2014	Year to date used at quarter end
(In thousands of dollars)						
<b>Expenditures:</b>						
Personnel	613,442	155,856	309,040	600,182	157,372	320,542
Transportation and communications	41,149	7,427	11,782	43,845	9,764	13,937
Information	4,013	562	796	4,639	631	840
Professional and Special Services	170,350	21,028	31,050	145,909	25,163	37,286
Rentals	30,828	11,343	13,115	29,181	14,666	16,547
Purchased Repair and Maintenance	26,018	2,730	3,650	23,128	2,816	4,026
Utilities, Materials and Supplies	46,505	8,461	13,869	45,623	9,322	15,472
Acquisition of Land, Buildings and Works	1,592	20	25	2,010	50	51
Acquisition of Machinery and Equipment	67,565	1,834	3,008	63,649	7,138	8,320
Transfer payments	118,341	36,490	45,364	116,079	16,598	37,824
Other Subsidies and Payments	4,244	3,034	3,301	8,659	3,344	23,251
<b>Total gross budgetary expenditures</b>	<b>1,124,047</b>	<b>248,785</b>	<b>435,000</b>	<b>1,082,904</b>	<b>246,864</b>	<b>478,096</b>
<b>Less Revenues netted against expenditures:</b>						
Revenues	88,595	5,099	14,317	91,721	14,130	25,748
<b>Total revenues netted against expenditures</b>	<b>88,595</b>	<b>5,099</b>	<b>14,317</b>	<b>91,721</b>	<b>14,130</b>	<b>25,748</b>
<b>Total net budgetary expenditures</b>	<b>1,035,452</b>	<b>243,686</b>	<b>420,683</b>	<b>991,183</b>	<b>232,734</b>	<b>452,348</b>

\* The Planned expenditures includes the 2015-2016 Main Estimates, the Supplementary Estimates A and the Operating and Capital budget carry-forwards. Authorities for Supplementary Estimates "B" and "C" will follow later this year.