

Secretariat of the National Security and Intelligence Committee of Parliamentarians

Quarterly Financial Report For the quarter ended September 30, 2019

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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 2019-20 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 2019-20 Main Estimates. This quarterly report has been prepared using a special purpose financial reporting framework (cash basis) designed to meet financial information needs with respect to the use of spending authorities.

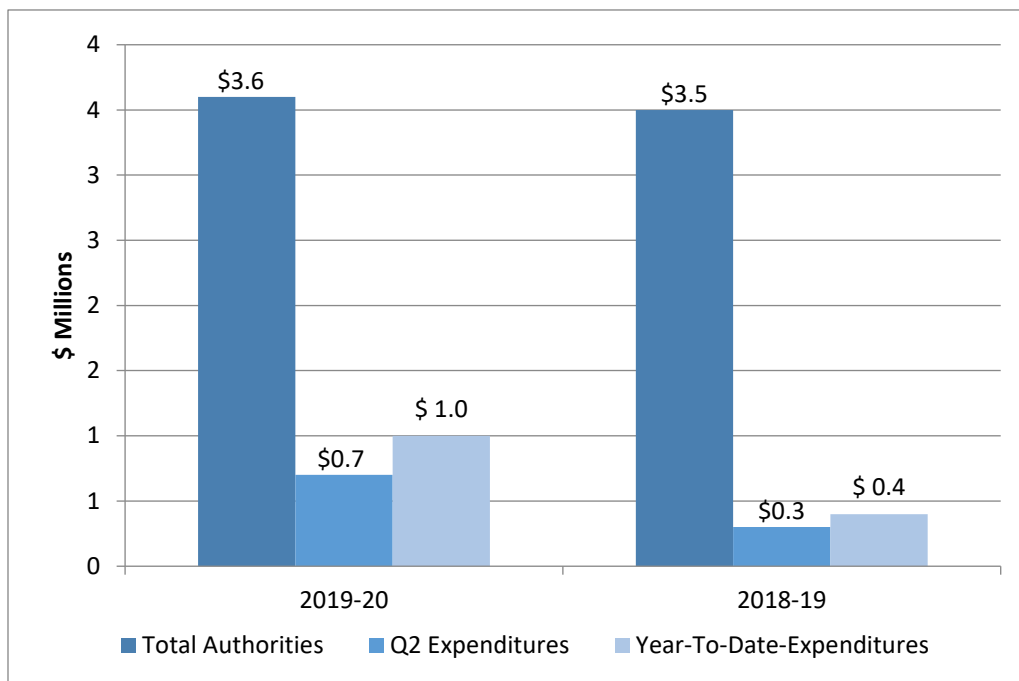
The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

The Secretariat uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance 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 September 30, 2019.

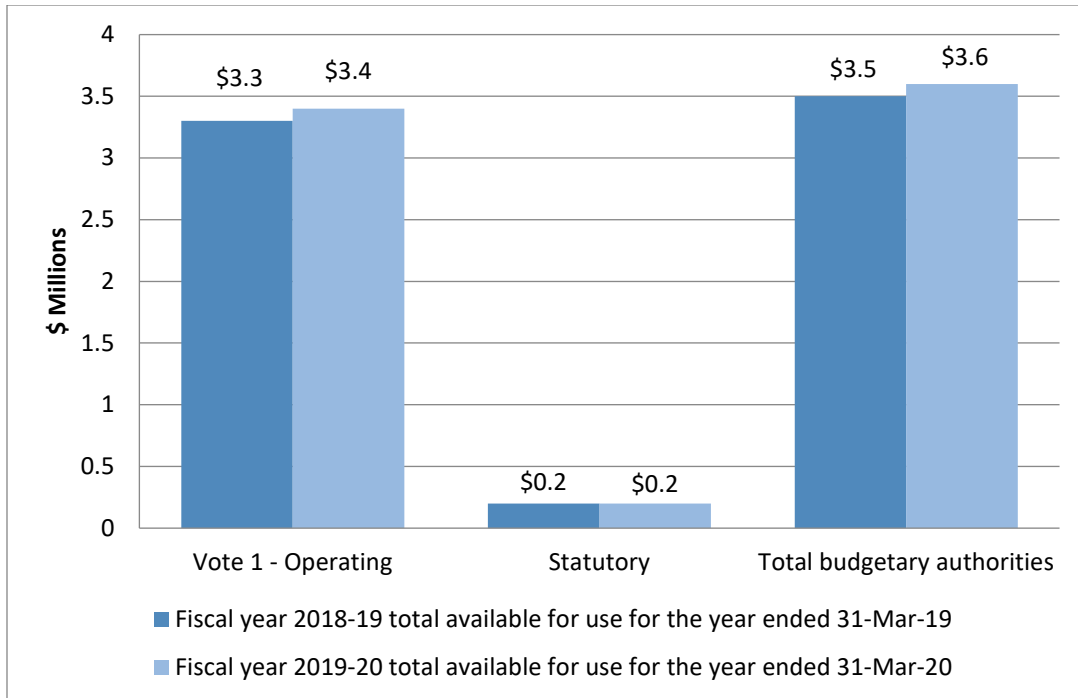
The Secretariat spent approximately 28% of its authorities by the end of the second quarter, compared to 11% in the same quarter of 2018-19 (see graph 1 below).



Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q2 2019-2020 and 2018-2019

Significant changes to authorities

As per graph 2 below as at September 30, 2019 and Table 1, the Secretariat has authorities available for use of \$3.6 million in 2019-20 compared to \$3.5 million as of September 30, 2018, resulting in minimal variance year over year.



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

Significant changes to quarter expenditures

The second quarter expenditures totaled \$730K for an increase of \$444K (156%) when compared to \$285K spent during the same period in 2018-19. 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- September-2019	Fiscal year 2018-19 Expended during the quarter ended 30- September-2018	Variance \$	Variance %
Personnel	386	119	267	225%
Transportation and communications	11	12	(1)	(8%)
Information	9	4	5	122%
Professional and special services	253	79	174	221%
Rentals	49	-	49	-
Repair and maintenance	20	8	12	160%
Utilities, materials and supplies	2	-	2	-
Acquisition of machinery and equipment	-	64	(64)	(99%)
Transfer payments	-	-	0	-
Other subsidies and payments	0	-	0	-
Total gross budgetary expenditures	730	285	444	156%

* Details may not add to totals due to rounding

Table 1: Material Variances to Expenditures by Standard Object Quarterly Comparison

Personnel

The increase of \$267,000 is related to the Secretariat operating with a full staff complement during the reporting period when compared to the same quarter in the previous year. During this quarter in 2018-19, the Secretariat had yet to finalize all staffing activities.

Information

Prior to the dissolution of Parliament for the 43rd general election, the Committee submitted its 2019 Annual Report to the Prime Minister on August 30, 2019. The increase of \$5,000 is attributed to the contracting of a professional editor to assist in the finalization of the Committee's report. Similar professional editing expenditures were incurred in the 2018-19 fiscal year; however, these were absorbed in a subsequent quarter as the Committee's 2018 Annual Report was delivered to the Prime Minister on December 21, 2018.

Professional and Special Services

The increase of \$174,000 is mainly explained by considerable differences in organizational operating requirements between quarters in the two fiscal years. In 2018-19, the majority of the expenditures incurred under this object related to the provision of security services to monitor the renovation of the Secretariat's permanent facility. In 2019-20, the increase relates to the Secretariat's annual payment for specialized IT support services from the Communications Security Establishment, an expense that was incurred later in the year in the previous fiscal year. In both years, the Secretariat also incurred expenses under this object for hospitality.

Repair and Maintenance

The increase of \$12,000 is attributable to the organization having taken possession of its permanent facility in October 2018 and subsequently working in this reporting period to adjust the office space to meet day-to-day operating requirements and applicable facility standards.

Acquisition of machinery and equipment

The decrease of \$64,000 is attributed to one-time expenditures incurred in the same quarter in 2018-19 to fit up the new office space with workstations. Similar expenditures were unnecessary in 2019-20.

Significant changes to year-to-date expenditures

The year-to-date expenditures totaled \$1,027M for an increase of \$673K (190%) when compared to \$354K spent during the same period in 2018-19. Table 2 below presents budgetary expenditures by standard object.

Material Variances to Expenditures by Standard Object (in thousands of dollars)	YTD Expenditures as of 30-September-2019	YTD Expenditures as of 30-September-2018	Variance \$	Variance %
Personnel	648	178	470	264%
Transportation and communications	18	16	2	12%
Information	13	4	9	220%
Professional and special services	268	84	184	220%
Rentals	51	-	51	-
Repair and maintenance	20	8	12	160%
Utilities, materials and supplies	4	-	4	-
Acquisition of machinery and equipment	4	64	(60)	(93%)
Transfer payments	-	-	-	-
Other subsidies and payments	2	-	2	-
Total gross budgetary expenditures	1,027	354	673	190%

* Details may not add to totals due to rounding

Table 2: Material Variances to Expenditures by Standard Object Year-to-date Comparison

Personnel

The increase of \$470,000 is mainly related to the Secretariat operating with a full staff complement during the reporting period when compared to the previous year. At this point in 2018-19, the Secretariat had yet to finalize all staffing activities.

Information

As noted above, the increase of \$9,000 is mainly explained by the difference in the timing of the delivery of the Committee's annual reports to the Prime Minister and associated production requirements.

Professional and Special Services

As noted above, the variance is explained by the considerable differences in organizational operating requirements between the two fiscal years. The majority of expenditures for this object in 2018-19 consisted of security services to monitor the renovation of the Secretariat's permanent facility. The increase of \$184,000 in 2019-20 is primarily explained by the Secretariat's annual payment for specialized IT support services from the Communications Security Establishment, an expense that was incurred later in the year in the previous fiscal year.

Repair and Maintenance

As previously noted, the increase of \$12,000 is attributable to the organization having taken possession of its permanent facility in October 2018 and subsequently working to adjust the office space to meet day-to-day operating requirements and applicable facility standards.

Acquisition of machinery and equipment

As noted above, the decrease of \$60,000 is attributed to one-time expenditures incurred in 2018-19 to fit up the new office space with workstations. Similar expenditures were unnecessary in 2019-20.

Risks and Uncertainties

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

The Secretariat does not expect to request additional funding and is planning to conduct all activities and operations within the current funding envelope. Previously identified financial risks or pressures have been addressed, notably confirmation that no Memorandum of Understanding with Shared Services Canada will be required for the provision of information technology support. The Privy Council Office will deliver these services under an existing agreement with the Secretariat.

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
Signed on November 14, 2019

Sean Jorgensen, Director of Operations and Chief Financial Officer
Ottawa, Ontario
Signed on November 14, 2019

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STATEMENT OF AUTHORITIES (unaudited) (note 2)

	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 September 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 September 30, 2018	Year-to-date used at quarter-end
<i>(In dollars)</i>						
Vote 1 - Net operating expenditures	3,408,604	674,786	917,521	3,294,747	235,569	254,361
Budgetary statutory authorities				-	-	-
Contributions to employee benefits plans	219,405	54,851	109,703	199,081	49,770	99,540
Total budgetary authorities	3,628,009	729,637	1,027,224	3,493,828	285,339	353,901
TOTAL AUTHORITIES	3,628,009	729,637	1,027,224	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.

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

	Fiscal year 2019-2020			Fiscal Year 2018-19		
	Planned expenditures for the year ending March 31, 2020 (note 1)	during the quarter ended September 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 September 30, 2018	Year-to-date used at quarter-end
<i>(In dollars)</i>						
Budgetary expenditures						
Personnel	1,790,706	385,788	648,112	1,673,026	118,761	177,681
Transportation and communications	330,004	10,890	18,349	327,040	11,930	16,393
Information	56,003	9,026	12,826	55,500	4,100	4,100
Professional and special services	1,137,921	252,836	267,904	1,226,803	78,652	83,832
Rentals	87,491	49,243	51,083	86,705	-	-
Repair and maintenance	100,000	19,559	19,559	-	7,536	7,536
Utilities, materials and supplies	15,337	2,006	3,479	15,200	-	-
Acquisition of machinery and equipment	110,547	-	4,317	109,554	64,382	64,382
Transfer payments	-	-	-	-	-	-
Other subsidies and payments	-	290	1,595	-	23	23
Total gross budgetary expenditures	3,628,009	729,637	1,027,224	3,493,828	285,339	353,901
TOTAL BUDGETARY EXPENDITURES	3,628,009	729,637	1,027,224	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.