

Secretariat of the National Security and Intelligence Committee of Parliamentarians

Quarterly Financial Report For the quarter ended December 31, 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, as well as previous Quarterly Financial Reports. 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 2020-21 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.

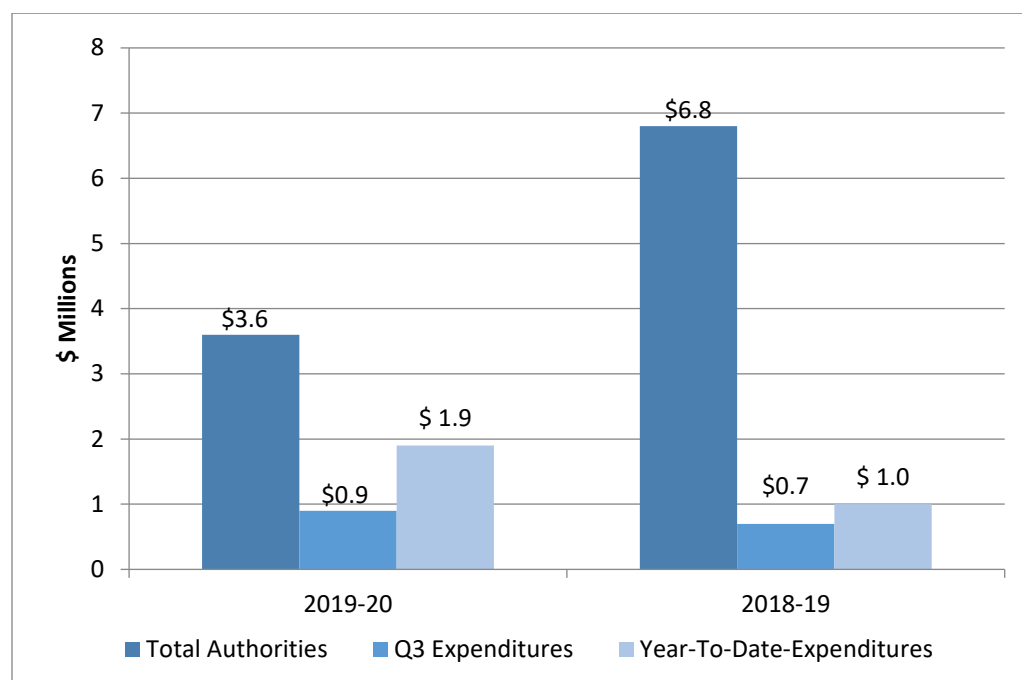
The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

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 December 31, 2019.

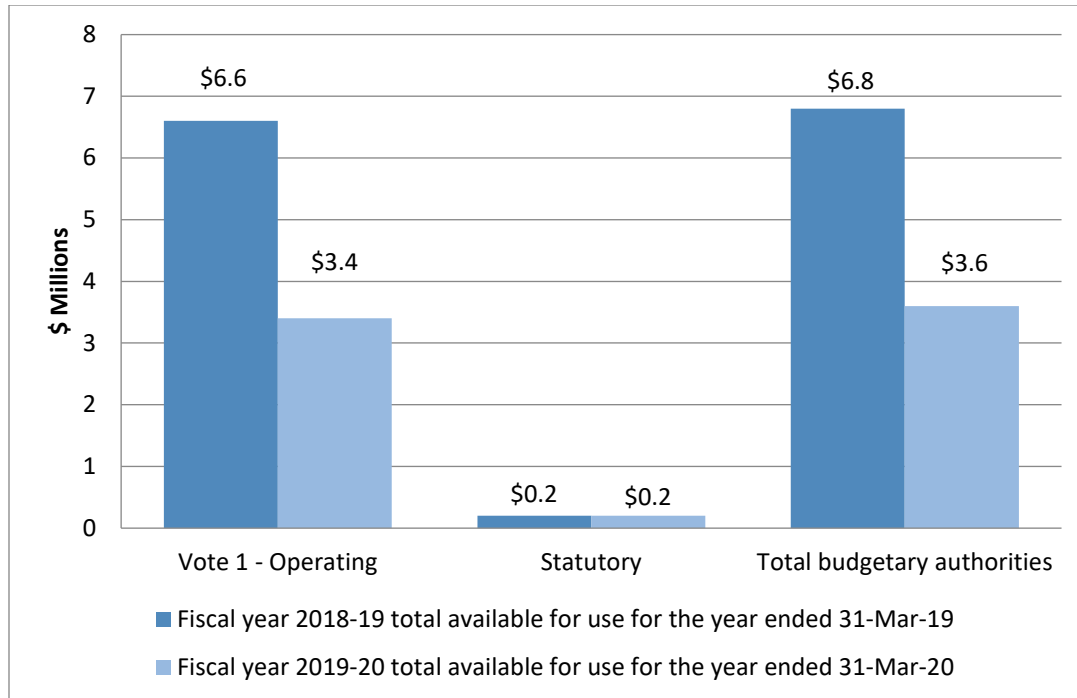
The Secretariat spent approximately 53% of its authorities by the end of the third quarter, compared to 15% in the same quarter of 2018-19 (see graph 1 below).



Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q3 2019-2020 and 2018-2019

Significant changes to authorities

As per graph 2 below as at December 31, 2019, the Secretariat has authorities available for use of \$3.6 million in 2019-20 compared to \$6.8 million as of December 31, 2018, for a net decrease of \$3.2 million or 47%. The net decrease is explained by the movement of funding from 2017-18 to 2018-19 to align funding with the one-time construction costs for the Secretariat's permanent facility.



Graph 2: Variance in Authorities as at December 31, 2019

Significant changes to quarter expenditures

The third quarter expenditures totaled \$882K for an increase of \$200K (29%) when compared to \$682K 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 31-December-2019	Fiscal year 2018-19 Expended during the quarter ended 31-December-2018	Variance \$	Variance %
Personnel	461	444	17	4%
Transportation and communications	25	8	17	205%
Information	0	3	(3)	(111%)
Professional and special services	375	222	153	69%
Rentals	10	-	10	0%
Repair and maintenance	(3)	-	(3)	0%
Utilities, materials and supplies	1	-	1	0%
Acquisition of machinery and equipment	12	5	7	137%
Total gross budgetary expenditures	882	682	200	29%

* Details may not add to totals due to rounding

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

Transportation and communications

The increase of \$17,000 is mainly related to the timing of transactions in the organisation's financial system and will be adjusted in the last quarter of the current fiscal year. The overall increase is also attributable to international travel by the Secretariat to attend the 2019 International Intelligence Oversight Forum.

Information

The decrease of \$3,000 is explained by the absence of costs for communications services in 2019-20 when compared to the same quarter in the previous year. During the third quarter of 2018-19, the Committee's first Special Report on the Prime Minister's trip to India was tabled in Parliament. The Committee and Secretariat drew on the expertise of external professional communications services to support preparations for the tabling of the Committee's first report.

Professional and Special Services

The increase of \$153,000 is attributable to a timing difference of payment of invoices related to translation services for the Committee's Annual Report and administrative support provided by the Privy Council Office.

Acquisition of machinery and equipment

The increase of \$7,000 is mainly explained by the acquisition of additional secure cabinets.

Repairs

The \$3,000 credit for repairs follows a correction to a previously paid bill associated with the construction of the Secretariat's permanent facility.

Significant changes to year-to-date expenditures

The year-to-date expenditures totaled \$1,909M for an increase of \$873K (84%) when compared to \$1,036M 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 31-December- 2019	YTD Expenditures as of 31-December- 2018	Variance \$	Variance %
Personnel	1,109	622	487	78%
Transportation and communications	44	25	19	77%
Information	13	7	6	88%
Professional and special services	643	305	338	111%
Rentals	61	-	61	0%
Repair and maintenance	17	8	9	120%
Utilities, materials and supplies	5	-	5	0%
Acquisition of machinery and equipment	16	70	(54)	(78%)
Other subsidies and payments	2	-	2	0%
Total gross budgetary expenditures	1,909	1,036	873	84%

* 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 \$487,000 is mainly related to the Secretariat operating with a nearly full staff complement during the entire fiscal year as compared to 2018-19. The Secretariat is currently operating with one vacancy but is implementing temporary measures to address this gap. In 2018-19, as the Secretariat built the organization, staffing actions were finalized in October 2018.

Transportation and communications

The increase of \$19,000 is mainly explained by the previously noted international travel by Secretariat staff, along with additional outreach activities by Secretariat staff with stakeholders and non-governmental organizations throughout the year.

Information

The increase of \$6,000 is attributed to a timing difference of payments of invoices for professional editing services related to the Annual Report to the Prime Minister.

Professional and Special Services

The increase of \$338,000 is mainly explained by the considerable differences in organizational operating requirements between 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 Secretariat's annual payment for specialized IT support services from the Communications Security Establishment has increased now that it is operating at full capacity. As previously noted, there is a timing difference for the payment of invoices related to administrative support provided by the Privy Council Office.

Repair and maintenance

The 2019-20 expenditures for repair and maintenance are attributable to additional costs to meet certain facility standards for the Secretariat's permanent office space. Year to date expenditures in 2018-19 were associated with adjustments to the Secretariat's temporary office space. The Secretariat moved to its permanent facility in October 2018 and all renovation bills for fit-up were paid in the last quarter of that fiscal year.

Acquisition of machinery and equipment

The decrease of \$54,000 is attributed to one-time expenditures incurred in 2018-19 to fit up the new office space with workstations.

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 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.

The Secretariat is currently operating with one vacancy and is implementing temporary measures to address this gap.

Approval by Senior Officials

Rennie Marcoux, Executive Director
Ottawa, Ontario
February 26, 2020

Sean Jorgensen, Director of Operations and Chief Financial Officer
Ottawa, Ontario
February 26, 2020

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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 December 31, 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 December 31, 2018	Year-to-date used at quarter-end
<i>(In dollars)</i>						
Vote 1 - Net operating expenditures	3,408,604	827,309	1,744,831	6,572,965	632,109	886,470
Budgetary statutory authorities						
Contributions to employee benefits plans	219,405	54,851	164,554	199,081	49,771	149,311
Total budgetary authorities	3,628,009	882,161	1,909,385	6,772,046	681,880	1,035,781
TOTAL AUTHORITIES	3,628,009	882,161	1,909,385	6,772,046	681,880	1,035,781

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)

(In dollars)

	Fiscal year 2019-2020			Fiscal Year 2018-19		
	Planned expenditures for the year ending March 31, 2020 (note 1)	Expended during the quarter ended December 31, 2019	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2019 (note 1)	Used during the quarter ended December 31, 2018	Year-to-date used at quarter-end
Budgetary expenditures						
Personnel	1,790,706	460,701	1,108,813	1,673,026	444,275	621,956
Transportation and communications	330,004	25,394	43,742	332,040	8,285	24,678
Information	56,003	100	12,926	77,100	2,685	6,785
Professional and special services	1,137,921	375,299	643,203	1,526,803	221,565	305,397
Rentals	87,491	9,648	60,732	86,705	-	-
Repair and maintenance	100,000	2,521	17,038	2,626,618	-	7,536
Utilities, materials and supplies	15,337	1,351	4,830	40,200	-	-
Acquisition of machinery and equipment	110,547	11,928	16,245	409,554	5,070	69,452
Other subsidies and payments	-	261	1,856	-	-	23
Total gross budgetary expenditures	3,628,009	882,161	1,909,385	6,772,046	681,880	1,035,781
TOTAL BUDGETARY EXPENDITURES	3,628,009	882,161	1,909,385	6,772,046	681,880	1,035,781

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.