

Secretariat of the National Security and Intelligence Committee of Parliamentarians

Quarterly Financial Report For the quarter ended September 30, 2020

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Introduction

This 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 Directive on Accounting Standards, GC 4400 Departmental Quarterly Financial Report. This quarterly financial report should be read in conjunction with the 2020-21 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 conduct 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 2020-21 Main Estimates and Supplementary Estimates (as applicable) for 2020-21 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.

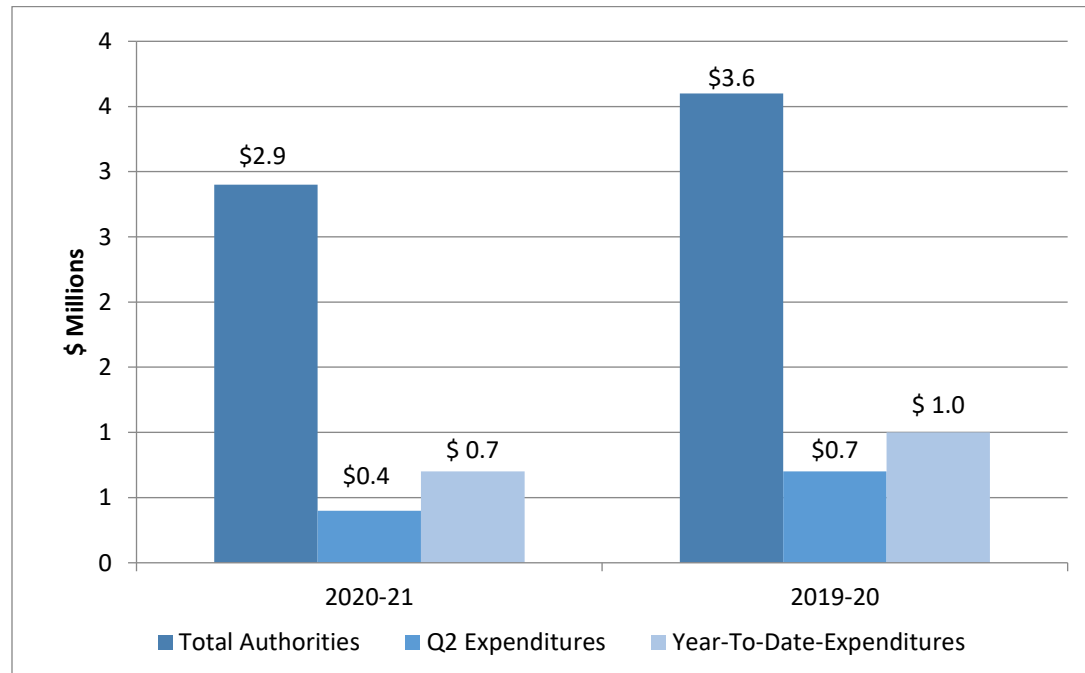
The Secretariat uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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, 2020.

The Secretariat spent approximately 24% of its authorities by the end of the second quarter, compared to 28% in the same quarter of 2019-20 (see graph 1 below).

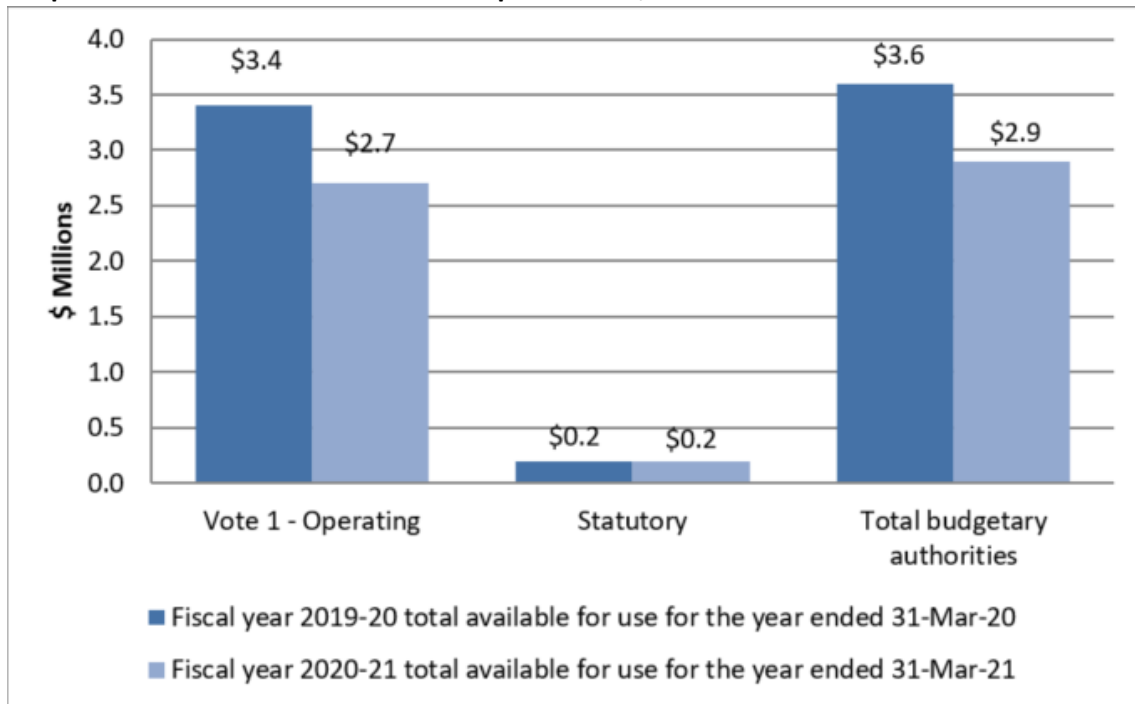
Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q2 2020-2021 and 2019-2020



Significant changes to authorities

As depicted in graph 2 below (as at September 30, 2020) and Annex A, presented at the end of this document, the Secretariat has authorities available for use of \$2.9 million in 2020-21 compared to \$3.6 million as of September 30, 2019, for a net decrease of \$0.7 million or 19%. The decrease of \$0.7 million in the authorities available for use is due to the reduced supply of the Main Estimates. Due to the COVID-19 pandemic and limited sessions in the spring for Parliament to study supply, the Standing Orders of the House of Commons were amended to extend the study period into the Fall. The Secretariat is expected to receive full supply for the 2020-21 Main Estimates in December 2020.

Graph 2: Variance in Authorities as at September 30, 2020



Significant changes to quarter expenditures

The second quarter expenditures totaled \$402K for a decrease of \$328K (45%) when compared to \$730K spent during the same period in 2019-20. Table 1 below presents budgetary expenditures by standard object.

Table 1 – Material variances to expenditures by standard object quarterly comparison

Material Variances to Expenditures by Standard Object (in thousands of dollars)	Fiscal year 2020-21 Expended during the quarter ended 30-September-2020	Fiscal year 2019-20 Expended during the quarter ended 30-September-2019	Variance \$	Variance %
Personnel	318	386	(68)	(18%)
Transportation and communications	0	11	(11)	(101%)
Information	2	9	(7)	(78%)
Professional and special services	24	253	(229)	(91%)
Rentals	54	49	5	10%
Repair and maintenance	-	20	(20)	(102%)
Utilities, materials and supplies	-	2	(2)	(100%)
Acquisition of machinery and equipment	4	-	4	0%
Other subsidies and payments	-	0	0	0%
Total gross budgetary expenditures	402	730	(328)	(45%)

* Details may not add to totals due to rounding

The total decrease of \$328,000 is due to a number of factors, including timing differences between the two fiscal years and these specific quarters and reduced on-site Committee activities for a portion of the quarter due to the COVID 19 pandemic. During the same quarter in the previous fiscal year, the Secretariat finalized preparations of its 2019 Annual and Special Reports for delivery to the Prime Minister. Similar expenses were not required nor incurred during the second quarter of the 2020-21 fiscal year. These are likely to be incurred during the third quarter as the Committee finalizes its Annual Report prior to the end of the calendar year. Variances are also attributable to the timing of payment for annual expenses. For example, certain annual expenses were paid during the second quarter in 2019-20 whereas the organization has yet to be billed for these same services in the current fiscal year (e.g. highly secure information technology services).

The second quarter coincided with the end of the general confinement period and a progressive return to the physical workspace. Secretariat employees worked remotely and on-site to begin preparations for the Committee's 2020 Annual Report and to initiate the Committee's upcoming reviews. Committee meetings were much less frequent than in previous reporting periods. Nonetheless, the Secretariat facilitated Committee meetings via teleconference and secure video-conference. These activities incurred fewer expenses compared to previous reporting periods (e.g., fewer requirements for hospitality, simultaneous interpretation or translation).

Significant changes to year-to-date expenditures

The year-to-date expenditures totaled \$742K for a decrease of \$286K (28%) when compared to \$1.027M spent during the same period in 2019-20. Table 2 below presents budgetary expenditures by standard object.

Table 2 – Material variances to expenditures by standard object year-to-date comparison

Material Variances to Expenditures by Standard Object (in thousands of dollars)	YTD Expenditures as of 30-September- 2020	YTD Expenditures as of 30-September- 2019	Variance \$	Variance %
Personnel	657	648	9	1%
Transportation and communications	0	18	(18)	(98%)
Information	2	13	(11)	(86%)
Professional and special services	25	268	(243)	(91%)
Rentals	54	51	3	6%
Repair and maintenance	-	20	(20)	(102%)
Utilities, materials and supplies	-	4	(4)	(114%)
Acquisition of machinery and equipment	4	4	0	0%
Other subsidies and payments	-	2	(2)	(125%)
Total gross budgetary expenditures	742	1,027	(286)	(28%)

* Details may not add to totals due to rounding

The total decrease of \$286,000 is due to a number of factors, including timing differences between the two fiscal years and reduced on-site Committee activities for a portion of the year due to the COVID 19 pandemic. As previously noted, the Committee and Secretariat's production schedule during the preceding year required expenditures to finalize the 2019 Annual and Special Reports for delivery to the Prime Minister prior to the call of the 43rd federal general election. The Secretariat will incur similar types of expenditures during the third quarter of the 2020-21 fiscal year as it finalizes the Committee's report prior to the end of the calendar year. From an accounts payable perspective, the Secretariat will pay annual bills for the support services it receives from other organizations as those bills are received over the remaining months of the year.

Risks and Uncertainties

This Departmental Quarterly Financial Report reflects the results of the current fiscal period in relation to the 2020-21 Main Estimates. The ongoing pandemic presents a number of risks and uncertainties with regards to Committee and Secretariat business. The Secretariat is implementing or considering mitigation measures to ensure continuity of work.

The most important consideration is the security of information. The Committee and Secretariat use highly classified information to conduct reviews, and generally hold hearings at the Top Secret level. In this work, it is incumbent upon the Committee and Secretariat to ensure the proper safeguarding of classified information. For this reason, the organization will continue most activities within secure and accredited facilities while respecting appropriate health and safety protocols. To permit some flexibility in the face of exigent circumstances, the Secretariat has arranged for the Committee to conduct some meetings through the secure video-conference infrastructure of a security and intelligence organization. However, this option is subject to competing operational demands of the organization itself and may only be available intermittently.

In terms of costs, the pandemic has not exerted any additional financial pressures and the Secretariat anticipates continuing operations within its existing funding envelope.

Significant changes in relation to operations, personnel and programs

Beyond an initial reduction in activity during the confinement period of the pandemic, the Secretariat has maintained operations with a blend of remote work and on-site activities.

While the pandemic delayed the Committee's review schedule and other planned activities in 2020, the Secretariat increased its support for the Committee's review activities during the second quarter. The Secretariat will continue to support the Committee's legislated requirement of providing the Prime Minister with its annual report prior to the end of the calendar year.

Approval by Senior Officials

Rennie Marcoux, Executive Director
Ottawa, Ontario
Signed November 24, 2020

Sean Jorgensen, Director of Operations and Chief Financial Officer
Ottawa, Ontario
Signed November 24, 2020

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STATEMENT OF AUTHORITIES (unaudited) (note 2)

	Fiscal year 2020-2021			Fiscal Year 2019-2020		
	Total available for use for the year ending March 31, 2021 (note 1)	Used during the quarter ended September 30, 2020	Year-to-date used at quarter-end	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
<i>(In dollars)</i>						
Vote 1 - Net operating expenditures	2,661,876	346,951	632,363	3,408,604	674,786	917,521
Budgetary statutory authorities						
Contributions to employee benefits plans	218,588	54,647	109,294	219,405	54,851	109,703
Total budgetary authorities	2,880,464	401,598	741,657	3,628,009	729,637	1,027,224
TOTAL AUTHORITIES	2,880,464	401,598	741,657	3,628,009	729,637	1,027,224

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 2020-2021			Fiscal Year 2019-2020		
	Planned expenditures for the year ending March 31, 2021 (note 1)	Expended during the quarter ended September 30, 2020	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2020 (note 1)	Used during the quarter ended September 30, 2019	Year-to-date used at quarter-end
Budgetary expenditures						
Personnel	1,326,297	318,291	657,039	1,790,706	385,788	648,112
Transportation and communications	72,579	52	52	330,004	10,890	18,349
Information	59,530	1,525	1,525	56,003	9,026	12,826
Professional and special services	1,173,609	23,924	25,086	1,137,921	252,836	267,904
Rentals	67,430	54,044	54,044	87,491	49,243	51,083
Repair and maintenance	11,717	-	-	100,000	19,559	19,559
Utilities, materials and supplies	13,328	16	16	15,337	2,006	3,479
Acquisition of machinery and equipment	155,974	3,895	3,895	110,547	-	4,317
Other subsidies and payments	-	150	(0)	-	290	1,595
Total gross budgetary expenditures	2,880,464	401,598	741,657	3,628,009	729,637	1,027,224
TOTAL BUDGETARY EXPENDITURES	2,880,464	401,598	741,657	3,628,009	729,637	1,027,224

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