

Secretariat of the National Security and Intelligence Committee of Parliamentarians

Quarterly Financial Report For the quarter ended December 31, 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.

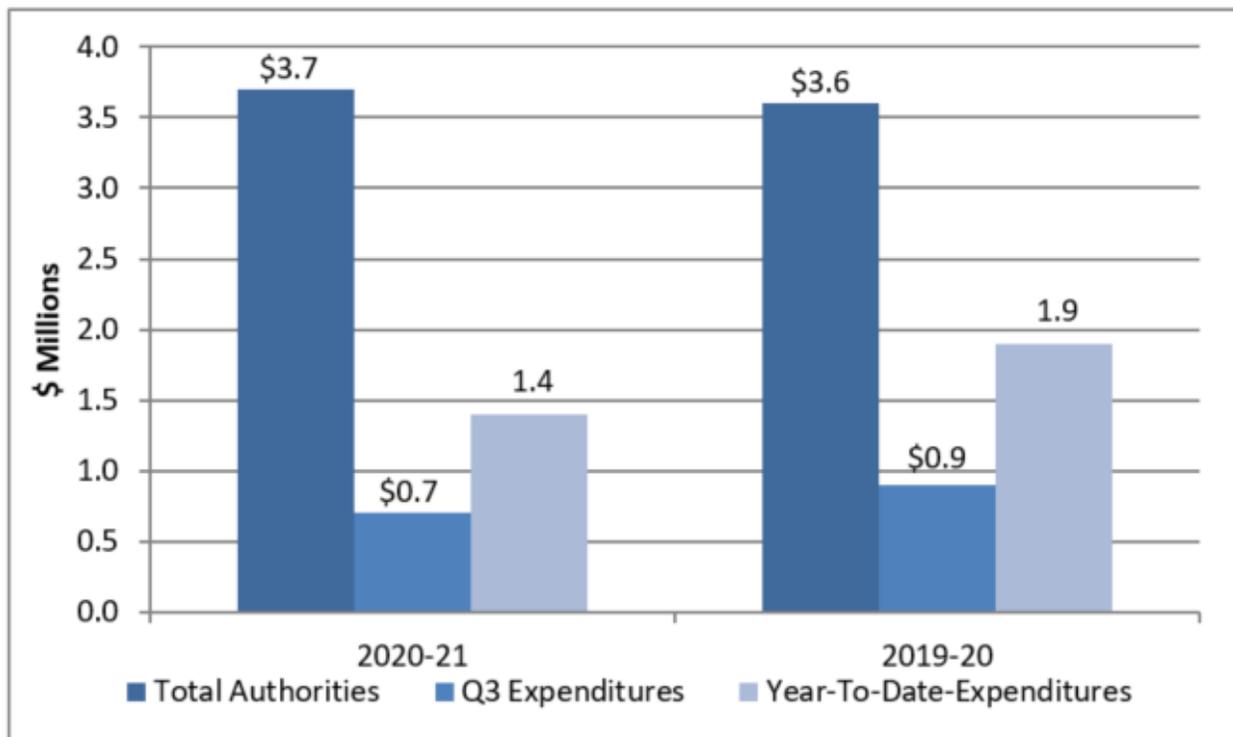
The Secretariat uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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 December 31, 2020.

The Secretariat spent approximately 38% of its authorities by the end of the third quarter, compared to 53% in the same quarter of 2019-20 (see graph 1 below).

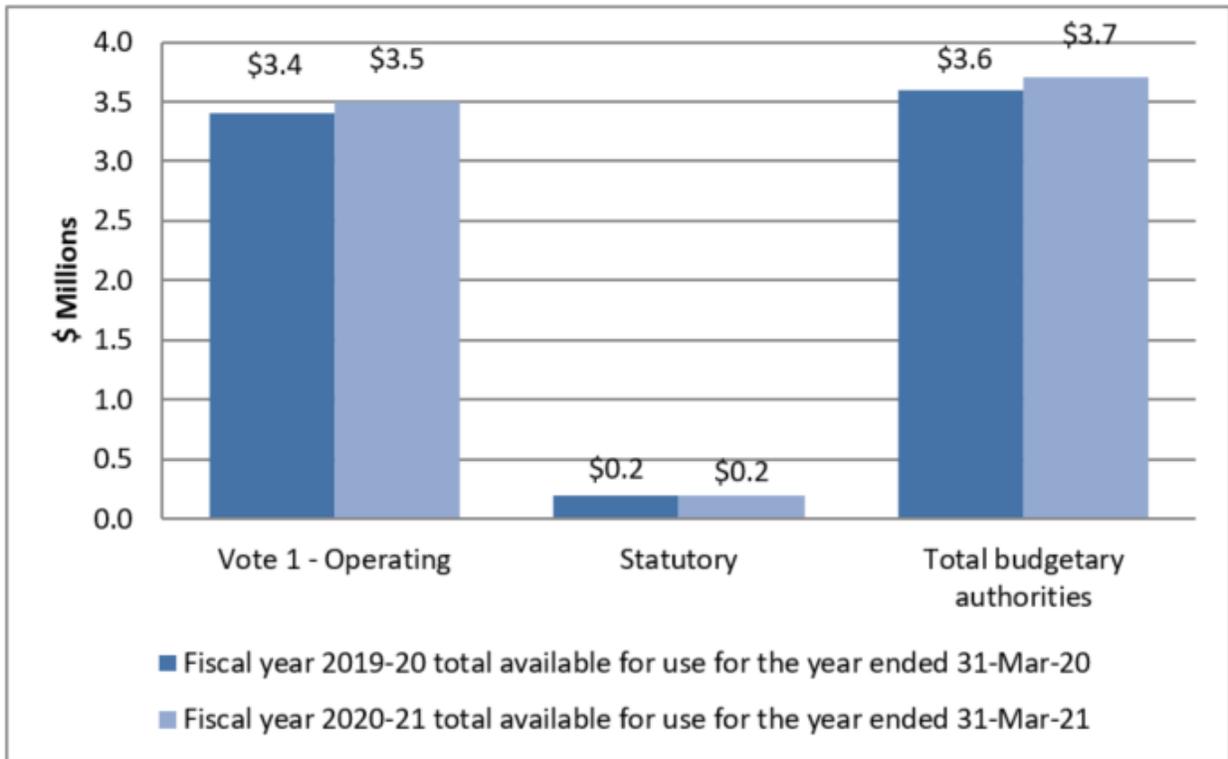
Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q3 2020-21 and 2019-20



Significant changes to authorities

As depicted in graph 2 below (as at December 31, 2020) and Annex A, presented at the end of this document, the Secretariat has authorities available for use of \$3.7 million in 2020-21 compared to \$3.6 million as of December 31, 2019, for a net increase of \$0.1 million or 3%. The Secretariat received full supply for the 2020-21 Main Estimates in December 2020.

Graph 2: Variance in Authorities as at December 31, 2020



Significant changes to quarter expenditures

The third quarter expenditures totaled \$663K for a decrease of \$219K (25%) when compared to \$882K 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	Fiscal year 2020-21 Expended during the quarter ended 31-December-2020	Fiscal year 2019-20 Expended during the quarter ended 31-December-2019	Variance \$	Variance %
(in thousands of dollars)				
Personnel	357	461	(104)	(23%)
Transportation and communications	1	25	(24)	(94%)
Information	3	0	3	3000%
Professional and special services	279	375	(96)	(26%)
Rentals	15	10	5	52%
Repair and maintenance	-	3	3	(120%)
Utilities, materials and supplies	1	1	0	0%
Acquisition of machinery and equipment	6	12	(6)	(50%)
Other subsidies and payments	2	0	2	667%
Total gross budgetary expenditures	663	882	(219)	(25%)

* Details may not add to totals due to rounding

The total decrease of \$219K is mainly due to a significant reduction in day-to-day Committee activities resulting from the COVID 19 pandemic.

The third quarter coincided with the general confinement period and no on-site activities occurred. Secretariat employees worked remotely to begin preparations for the Committee's 2020 Annual Report and to finalize preparations for the Committee's upcoming reviews. Committee meetings were less frequent than in previous reporting periods.

In the latter portion of the quarter, the Secretariat facilitated Committee meetings via teleconference or secure video-conferencing. 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 \$1.4M for a decrease of \$504K (26%) when compared to \$1.9M 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 31-December-2020	YTD Expenditures as of 31-December-2019	Variance \$	Variance %
Personnel	1,014	1,109	(95)	(9%)
Transportation and communications	1	44	(43)	(98%)
Information	4	13	(9)	(70%)
Professional and special services	304	643	(339)	(53%)
Rentals	70	61	9	15%
Repair and maintenance	-	17	(17)	(100%)
Utilities, materials and supplies	1	5	(4)	(83%)
Acquisition of machinery and equipment	10	16	(6)	(37%)
Other subsidies and payments	2	2	0	0%
Total gross budgetary expenditures	1,405	1,909	(504)	(26%)

* Details may not add to totals due to rounding

The total decrease of \$504K is mainly due to a significant reduction in day-to-day Committee activities resulting from the COVID 19 pandemic.

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 has delayed the Committee's review schedule and other planned activities in 2020, the Secretariat anticipates a ramp up of its review activities during the forthcoming months.

Approval by Senior Officials

Sean Jorgensen, Acting Executive Director and Chief Financial Officer
Ottawa, Ontario

Secretariat of the National Security and Intelligence Committee of Parliamentarians
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STATEMENT OF AUTHORITIES (unaudited) (note 2)

<i>(In dollars)</i>	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 December 31, 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 December 31, 2019	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	3,494,645	608,833	1,241,195	3,408,604	827,309	1,744,831
Budgetary statutory authorities						
Contributions to employee benefits plans	218,588	54,647	163,941	219,405	54,851	164,554
Total budgetary authorities	3,713,233	663,480	1,405,136	3,628,009	882,161	1,909,385
TOTAL AUTHORITIES	3,713,233	663,480	1,405,136	3,628,009	882,161	1,909,385

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 December 31, 2020	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2020 (note 1)	Used during the quarter ended December 31, 2019	Year-to-date used at quarter-end
Budgetary expenditures						
Personnel	1,695,533	356,563	1,013,601	1,790,706	460,701	1,108,813
Transportation and communications	96,772	1,295	1,347	330,004	25,394	43,742
Information	79,373	2,663	4,188	56,003	100	12,926
Professional and special services	1,510,290	278,996	304,081	1,137,921	375,299	643,203
Rentals	89,907	15,409	69,453	87,491	9,648	60,732
Repair and maintenance	15,622	-	-	100,000	2,521	17,038
Utilities, materials and supplies	17,771	1,050	1,066	15,337	1,351	4,830
Acquisition of machinery and equipment	207,965	5,847	9,742	110,547	11,928	16,245
Other subsidies and payments	-	1,658	1,658	-	261	1,856
Total gross budgetary expenditures	3,713,233	663,480	1,405,136	3,628,009	882,161	1,909,385
TOTAL BUDGETARY EXPENDITURES	3,713,233	663,480	1,405,136	3,628,009	882,161	1,909,385

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