

Secretariat of the National Security and Intelligence Committee of Parliamentarians

Quarterly Financial Report **For the quarter ended June 30, 2021**

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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 2021-22 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.

The Secretariat developed a Departmental Results Framework and an accompanying Program Inventory in 2020-21, and began implementing both in 2021-22. The details of the Departmental Results Framework and the Program Inventory are included in the Secretariat's 2021-22 Departmental Plan.

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 2021-22 Main Estimates and Supplementary Estimates (as applicable) for 2021-22 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.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant

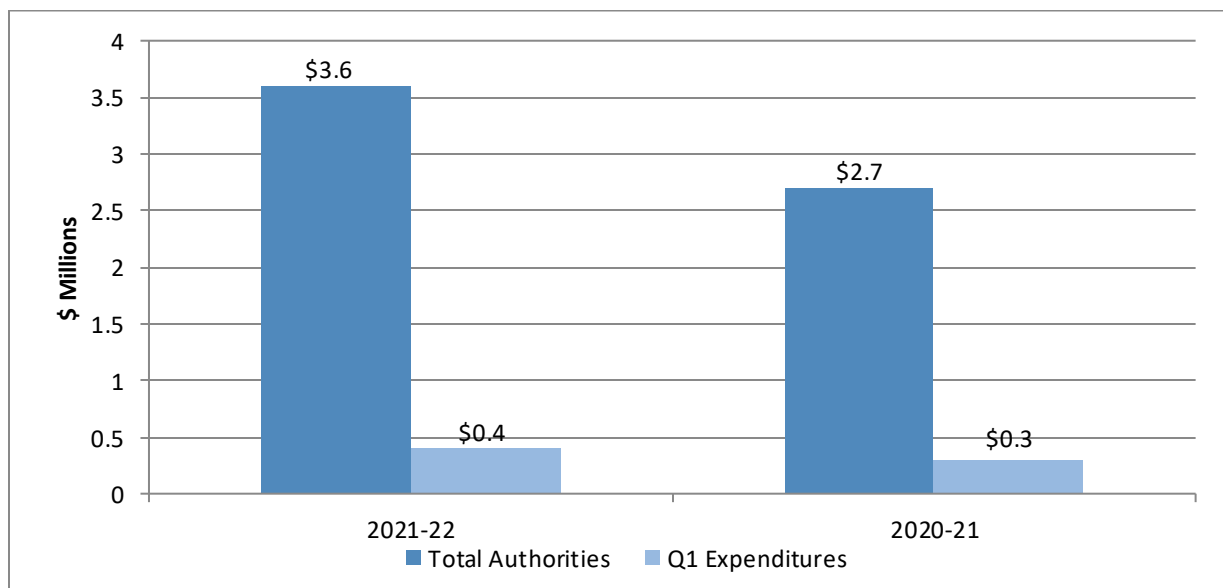
authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

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 June 30, 2021.

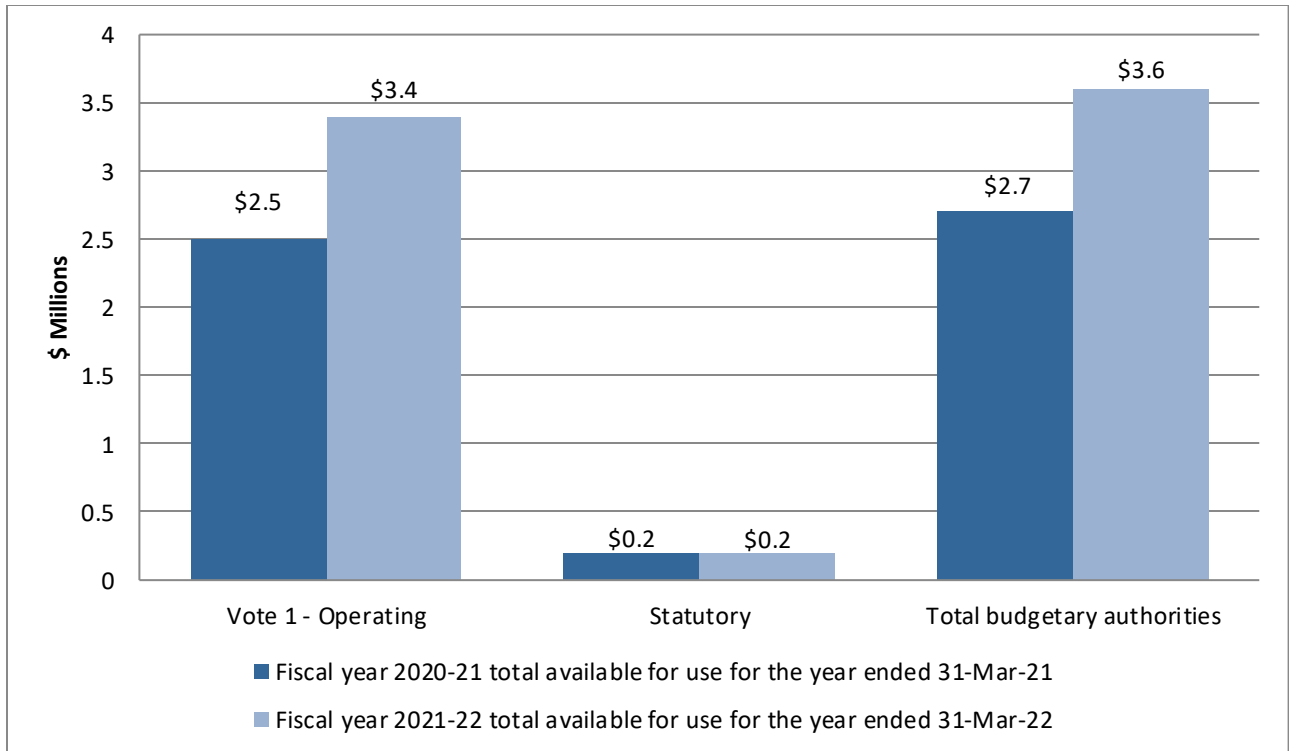
The Secretariat spent approximately 11% of its authorities by the end of the first quarter, compared to 11% in the same quarter of 2020-21 (see graph 1 below).



Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q1 2021-2022 and 2020-2021

Significant changes to authorities

As depicted in graph 2 below (as at June 30, 2021) and Table 1, presented at the end of this document, the Secretariat has authorities available for use of \$3.6 million in 2021-22 compared to \$2.7 million as of June 30, 2020, for a net increase of \$0.9 million or 35%. The increase of \$0.9 million in the authorities available for use is due to the reduced supply of the Main Estimates in 2020-21. 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 received full supply for the 2020-21 Main Estimates in December 2020.



Graph 2: Variance in Authorities as at June 30, 2021

Significant changes to expenditures

Year-to-date expenditures recorded to the end of the first quarter increased by \$31K from previous year at the same time. Table 1 below presents budgetary expenditures by standard object.

Material Variances to Expenditures by Standard Object (in thousands of dollars)	Fiscal year 2021-22 Expended during the quarter ended 30-June-2021	Fiscal year 2020-21 Expended during the quarter ended 30-June-2020	Variance \$	Variance %
Personnel	314	339	(25)	(7%)
Transportation and communications	0	-	0	0%
Information	7	-	7	0%
Professional and special services	25	1	24	2000%
Rentals	23	-	23	0%
Utilities, materials and supplies	1	-	1	0%
Acquisition of machinery and equipment	-	-	0	0%
Other subsidies and payments	-	0	0	0%
Total gross budgetary expenditures	371	340	31	9%

*Details may not add to totals due to rounding

Table 1 – Material variances to expenditures by standard object as of Q1 2021-2022 and 2020-2021

Personnel

The total decrease of \$25K is related to the difference in salary expenditures for the Executive Director appointed in May 2021 compared to the Executive Director in place from April to June 2020.

Professional and special services

The increase of \$24K in professional and special services is attributable to the contracting of legal academic work in relation to one of the Committee's ongoing reviews.

Rentals

The increase of \$23K in rentals is due to a timing difference in invoicing for the rental costs of the NSICOP Secretariat offices. Rent invoices were received in May and June 2021, as opposed to invoices received in August and September in 2020.

Risks and Uncertainties

This Departmental Quarterly Financial Report reflects the results of the current fiscal period in relation to the 2021-22 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

The Secretariat has maintained operations with a blend of remote work and on-site activities. During this quarter, the Secretariat welcomed a new Executive Director.

The first two months of the quarter coincided with a provincial lockdown period. While Secretariat staff continued activities onsite, Committee meetings were suspended during the majority of this period.

While the pandemic has delayed the Committee's review schedule and other planned activities, the Secretariat is continuing to support the Committee in finalizing its planned reviews before the end of 2021.

Approval by Senior Officials

Lisa-Marie Inman, Executive Director
Ottawa, Ontario

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

Annex A

Secretariat of the National Security and Intelligence Committee of Parliamentarians
Quarterly Financial Report
For the quarter ended June 30, 2021

STATEMENT OF AUTHORITIES *(unaudited) (note 2)*

<i>(In dollars)</i>	Fiscal year 2021-22			Fiscal Year 2020-21		
	Total available for use for the year ending March 31, 2022 (note 1)	Used during the quarter ended June 30, 2021	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2021 (note 1)	Used during the quarter ended June 30, 2020	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	3,409,991	311,068	311,068	2,498,309	285,411	285,411
Budgetary statutory authorities						
Contributions to employee benefits plans	238,048	59,512	59,512	218,588	54,647	54,647
Total budgetary authorities	3,648,039	370,580	370,580	2,716,897	340,058	340,058
TOTAL AUTHORITIES	3,648,039	370,580	370,580	2,716,897	340,058	340,058

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

Secretariat of the National Security and Intelligence Committee of Parliamentarians
 Quarterly Financial Report
 For the quarter ended June 30, 2021
 Departmental budgetary expenditures by Standard Object (*unaudited*) (*note 2*)

(In dollars)

	Fiscal year 2021-22			Fiscal Year 2020-21		
	Planned expenditures for the year ending March 31, 2022 (note 1)	Expended during the quarter ended June 30, 2021	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2021 (note 1)	Used during the quarter ended June 30, 2020	Year-to-date used at quarter-end
Budgetary expenditures						
Personnel	1,846,483	313,624	313,624	1,326,297	338,747	338,747
Transportation and communications	54,859	128	128	72,579	-	-
Information	26,703	7,220	7,220	59,530	-	-
Professional and special services	1,469,914	25,429	25,429	1,010,042	1,161	1,161
Rentals	128,965	23,113	23,113	67,430	-	-
Repair and maintenance	41,825	-	-	11,717	-	-
Utilities, materials and supplies	9,208	1,066	1,066	13,328	-	-
Acquisition of machinery and equipment	68,024	-	-	155,974	-	-
Other subsidies and payments	2,058	-	-	-	150	150
Total gross budgetary expenditures	3,648,039	370,580	370,580	2,716,897	340,058	340,058
TOTAL BUDGETARY EXPENDITURES	3,648,039	370,580	370,580	2,716,897	340,058	340,058

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