

Office of the Intelligence Commissioner

Quarterly Financial Report
For period ending September 30, 2020

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Statement Outlining Results, Risks and Significant Changes in Operations, Personnel and Program

1. Introduction

1.1 Background to the Quarterly Financial Report

As per the Directive on Accounting Standards, GC 4400, Departmental Quarterly Report, the Office of the Intelligence Commissioner (ICO) is submitting its quarterly report for the quarter ending September 30, 2020.

The 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 Treasury Board. This quarterly financial report has not been subject to external audit or review.

1.2 Authority, Mandate and Program

Under the *Intelligence Commissioner Act*, the Intelligence Commissioner is responsible for performing quasi-judicial reviews of the conclusions on the basis of which certain authorizations are issued or determinations are made under the *Communications Security Establishment Act* (CSE Act) and the *Canadian Security Intelligence Service Act* (CSIS Act).

Further information on the Office of the Intelligence Commissioner can be found on ICO's website <https://www.canada.ca/en/intelligence-commissioner.html>

1.3 Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the ICO's spending authorities as approved in the first and second interim supply bills and the operating budget carry-forward. 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.

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

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

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

2. Highlights of fiscal quarter and fiscal year to date (YTD) results

Quarter ending September 30 / Year to Date

This section highlights the financial results for the fiscal year-to-date and the quarter ended September 30, 2020. It also provides explanations of variances compared with the same period for the previous year that exceed a materiality threshold of \$5 thousand for program expenditures and statutory votes. The ICO has been operating since July 12, 2019; as a result, variances resulting from prior year comparisons will not be fully representative.

(in thousands of dollars)	2020-21 Budgetary authority to March 31/21	2019-20 Budgetary authority to March 31/20	Variance in budgetary authority	Year-to-date expenditures as at Q2 2020-21 (Sept 30, 2020)	Year-to-date expenditures as at Q2 2019-20 (Sept 30, 2019)	Variance between year-to-date expenditures
Vote 1 Program Expenditures	1,580	1,671	(91)	503	472	31
Statutory authorities	165	128	37	82	28	54
Total	1,745	1,799	(54)	585	500	85

	2020-21 Q2 expenditures	2019-20 Q2 expenditures	Variance between 2020-21 Q2 and 2019-20 Q2 expenditures
Vote 1 Program Expenditures	275	472	(197)
Statutory authorities	39	28	11
Total	314	500	(186)

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2.1 Statement of authorities

The COVID-19 pandemic has had a significant effect on the ICO's budgetary authorities in the current fiscal year because the Main Estimates have not yet been approved by Parliament and they are typically granted by the end of June. Because of the pandemic, Parliament sat for fewer sessions than normal in the spring, so there was limited time to study supply. As a result, the Standing Orders of the House of Commons were amended to extend the study period into the fall. Departments and agencies were granted nine twelfths of their Main Estimates or more based on cash requirements, to ensure continued operations until December.

For the ICO, the reduced supply of the 2020–21 Main Estimates, \$1,746 thousand including the operating budget carry-forward, represents a total decrease of \$494 thousand in Vote 1 budgetary authorities available for use. The ICO is expected to receive full supply of the 2020–21 Main Estimates in December 2020.

The budgetary authorities available in 2019–20 were the unexpended authorities of the Office of the Communications Security Establishment Commissioner as at July 11, 2019. In accordance with the transitional provisions of the *Intelligence Commissioner Act*, “any money ... unexpended is deemed, on that day, to be an amount appropriated to defray any expenditure of the office of the new Commissioner”.

2.2 Statement of departmental budgetary expenditures by standard object

The year-to-date budgetary expenditures, as at September 30, 2020, have increased by \$85 thousand (17%) compared to the same period in the previous year:

- Vote 1 expenditures increased by \$31 thousand; and
- statutory payments increased by \$54 thousand.

For the fiscal quarter ended September 30, 2020, budgetary expenditures have decreased by \$186 thousand (37%) compared to the same period in the previous year:

- Vote 1 expenditures decreased by \$197 thousand; and
- statutory payments increased by \$11 thousand.

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The following table provides an explanation of these changes by standard object.

Standard object	Changes to voted and statutory expenditures	Variance between 2020–21 year-to-date and 2019–20 year-to-date expenditures (April 1 to September 30)	Variance between 2020–21 Q2 and 2019–20 Q2 expenditures (July 1 to September 30)
Vote 1: Program expenditures (\$ thousand)			
1 Personnel	The increase in the year-to-date costs is due to the Office of the Intelligence Commissioner commencing operations on July 19, 2019. The year to date figure for 2019–20 includes only 3 1/2 months of personnel costs; the year-to-date personnel costs for 2020–21 includes six months of personnel costs. The decrease in current year quarterly expenditures is due to employee departure in the current year, delay in personnel cost billings in the current year, and retroactive payments of personnel costs in quarter 2 of the previous year.	101	(105)
2 Transportation	Three officials of the ICO attended the Five Eyes Intelligence Oversight and Review Council meeting in London, England in 2019-20. There were no similar expenses in 2020–21.	(20)	(20)
4 Professional Services	Slight increase in professional services year-to-date.	21	1
5 Rentals	There has been a delay in 2020–21 billings for occupancy costs	(72)	(74)
Other	Miscellaneous expenditures	1	1
Subtotal Vote 1		31	(197)
Statutory expenditures		54	11
Total expenditures		85	(186)

3. Risks and Uncertainties

The ICO will continue to carefully manage its resources in order that independent quasi-judicial reviews of the conclusions reached by Ministers in issuing certain ministerial authorizations and determinations can continue to be discharged effectively and within the time frames established by the legislation.

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4. Significant changes in relation to operations, personnel and programs

Other than delays in billings by other government departments for significant expenditure items, there have been no significant changes in relation to operations, personnel and programs during the second quarter.

5. Approval by Senior Officials

Approved by:

Original Signed by

The Honourable Jean-Pierre Plouffe, C.D.
Intelligence Commissioner

Ottawa, Canada
November 19, 2020

Original Signed by

Guylaine A. Dansereau
Chief Financial Officer

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Statement of Authorities (unaudited)

(in thousands of dollars)	Fiscal year 2020–21			Fiscal year 2019–20		
	Total available for use for the year ending March 31, 2021	Used during the quarter ended Sept 30, 2020	Year to date used at quarter-end	Total available for use for the year ended March 31, 2020	Used during the quarter ended Sept 30, 2019	Year to date used at quarter-end
Vote 1 - Program Expenses	1,580	275	503	1,671	472	472
Statutory authorities – Contributions to employee benefit plans	165	39	82	128	28	28
Total Budgetary authorities	1,745	314	585	1,799	500	500
Total authorities	1,745	314	585	1,799	500	500

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Departmental budgetary expenditures by Standard Object (unaudited)

(In thousands of dollars)

	Fiscal year 2020–21		
	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended Sept 30, 2020	Year to date used at quarter-end
Expenditures:			
Personnel	999	207	456
Transportation and communications	26	7	7
Information	19	6	6
Professional and special services	437	86	106
Rentals	232	0	2
Repair and maintenance	2	0	0
Utilities, materials and supplies	19	5	5
Acquisition of land, buildings and works	0	0	0
Acquisition of machinery and equipment	11	3	3
Other subsidies and payments	0	0	0
Total gross budgetary expenditures	1,745	314	585
Total net budgetary expenditures	1,745	314	585

	Fiscal year 2019–20		
	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended Sept 30, 2019	Year to date used at quarter-end
	1,063	301	301
	29	27	27
	13	7	7
	422	85	85
	234	74	74
	2	1	1
	21	5	5
	0	0	0
	15	0	0
	0	0	0
	1,799	500	500
	1,799	500	500