

Natural Sciences and Engineering Research Council of Canada
Quarterly Financial Report
For the Quarter Ended June 30, 2022

Catalogue Number: NS1-36E-PDF
ISSN: ISSN 2564-1107

Statement outlining results, risks and significant changes in operations, personnel and programs

1. Introduction

This Quarterly Financial Report (QFR) has been prepared by management as required by section 65.1 of the [Financial Administration Act](#) (FAA) and in the form and manner prescribed by the Treasury Board. It should be read in conjunction with the 2022–23 [Main Estimates](#) and [Supplementary Estimates \(A\)](#). This report has not been subject to an external audit or review.

1.1 Authority, mandate and programs

The Natural Sciences and Engineering Research Council of Canada (NSERC) was established in 1978 by the *Natural Sciences and Engineering Research Council Act* and is a departmental corporation named in Schedule II of the FAA. NSERC's purpose is to help make Canada a country of discoverers and innovators for the benefit of all Canadians, by supporting post-secondary students and postdoctoral fellows in their advanced studies, funding the research programs of academic researchers, and stimulating partnerships between academia and industry.

Further information on the NSERC mandate and program activities can be found in [Part II of the Main Estimates](#).

1.2 Basis of presentation

Management prepared this quarterly report using an expenditure basis of accounting. The accompanying statement of authorities includes NSERC's spending authorities granted by Parliament and those used by the agency, consistent with the Main Estimates and Supplementary Estimates (A) for the fiscal year 2022–23. 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 the Government of Canada can spend money. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authorities for specific purposes.

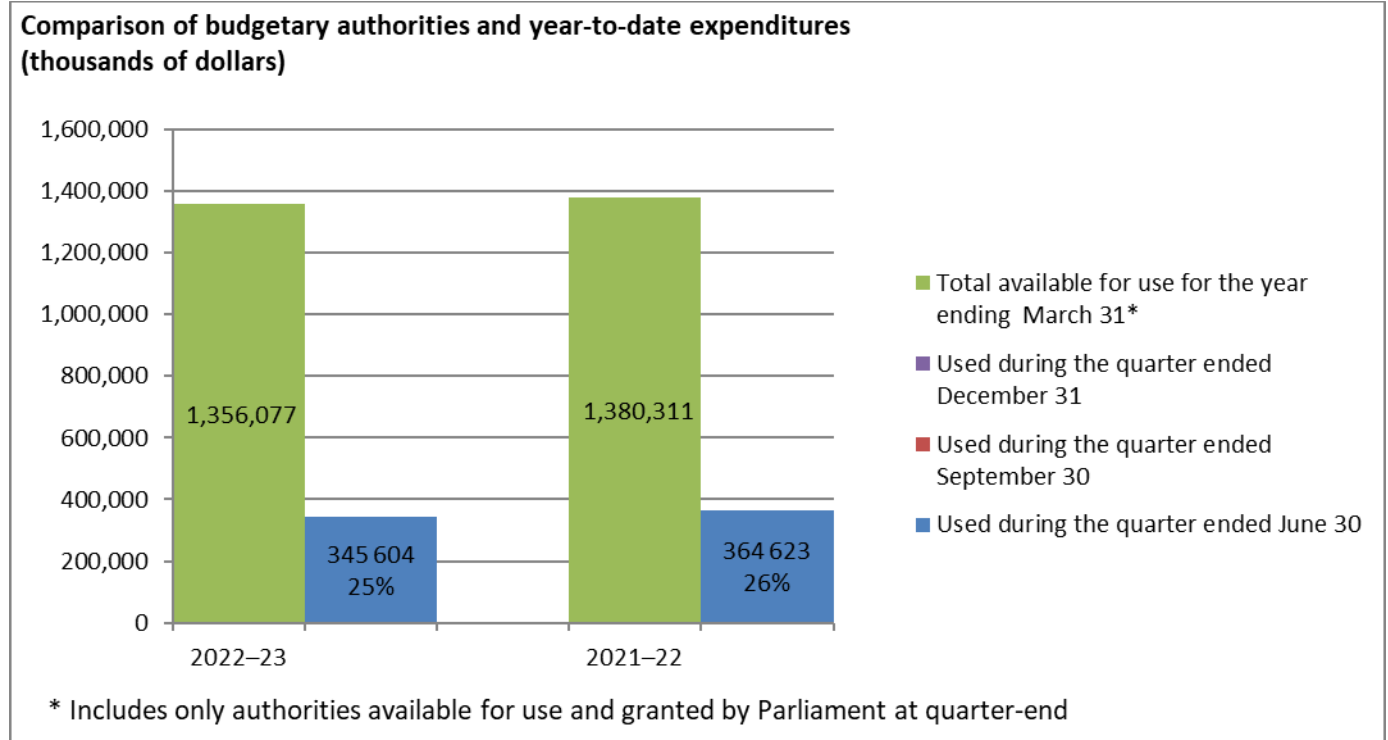
NSERC uses the full accrual method of accounting to prepare and present its annual financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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2. Highlights of fiscal quarter and fiscal year-to-date results

This section highlights the significant items that contributed to the change in resources available for the fiscal year, as well as the actual year-to-date expenditures compared with the previous fiscal year.

The following graph provides a comparison of budgetary authorities available for the full fiscal year and budgetary expenditures by quarter for the fiscal year 2022–23 and the fiscal year 2021–22.



2.1 Significant changes to budgetary authorities

As of June 30, 2022, NSERC’s total available authorities for the fiscal year 2022–23 amounted to \$1.36 billion. This represents an overall decrease of \$24.2 million (1.8%) from the comparative period in the previous year. The major changes in NSERC’s budgetary authorities between the current and previous fiscal years include:

- a decrease of \$28.6 million for the Canada First Research Excellence Fund for which funding renewal will be sought
- an increase of \$22.0 million in College and Community Innovation programs for funding to support applied research partnerships, as announced in Budget 2021
- a decrease of \$21.7 million related to the gradual transfer of the Centres of Excellence for Commercialization and Research program and Business-Led Networks of Centres of Excellence program to ISED under the Strategic Innovation Fund, as per Budget 2018 announcement
- an increase of \$5.8 million for grants and scholarships for fundamental research, as announced in Budget 2018

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- a decrease of \$1.7 million for the Canada Excellence Research Chairs program in accordance with the program’s design and delivery schedule, as renewed in Budget 2019 and planned for sun-setting by 2023–24

2.2 Significant changes to authorities used

Year-to-date spending

The following table provides a comparison of cumulative spending by vote for the current and previous fiscal years.

Budgetary expenditures used during the third quarter
(millions of dollars)

	2022–23	2021–22	Variance
Vote 1—Operating expenditures			
Personnel (includes contributions to EBP)	13.1	12.0	1.1
Non-personnel	1.6	1.7	(0.1)
Vote 5—Grants and scholarship	330.9	350.9	(20.0)
Total budgetary expenditures	345.6	364.6	(19.0)

Total budgetary expenditures amounted to \$345.6 million at the end of the first quarter of the fiscal year 2022–23, compared to \$364.6 million reported in the same period in the previous fiscal year.

Grants and scholarships

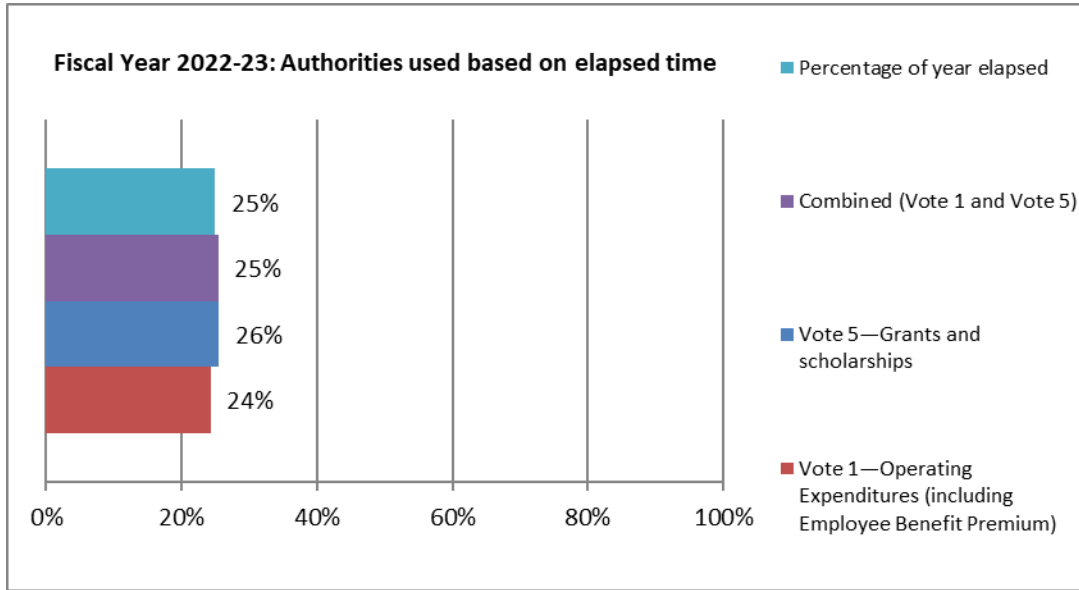
At the end of the first quarter of 2022–23, the grant and scholarship expenses decreased by \$19.0 million, compared to those reported in the same period of the previous fiscal year. The decrease in spending corresponds to the decreases in budgetary authorities for the Canada First Research Excellence Fund, the Centres of Excellence for Commercialization and Research program and Business-Led Networks of Centres of Excellence.

Operating expenditures

Personnel expenditures (includes contributions to employee benefit plans [EBP]) have increased by \$1.1 million compared to the same period of the previous year, mainly due to the implementation of the new terms and conditions of employment (September 2021) and related clauses relative to salary increase.

Total non-personnel expenditures as of the first quarter of fiscal 2022–23 have remained largely in line with expenses incurred during the same period of the previous fiscal year. There was mainly an increase in the acquisition of machinery and equipment expenditures related to the Workplace Renewal project launched during 2020–21 in partnership with the Social Sciences and Humanities Research Council (SSHRC). Professional and special services expenses decreased, however, due to lower usage of management consulting services. Please see the Departmental budgetary expenditures by standard object table in section 6 for additional details.

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3. Risks and uncertainties

NSERC produces an annual Corporate Risk Profile that includes corporate risks along with risk levels and mitigation activities. NSERC has linked corporate risk management with its integrated planning process to ensure greater cohesion and executive oversight in the delivery of its mandate.

The 2022–23 risk assessment exercise provided NSERC with the level of insight required to properly respond to risk, through the allocation of resources, both human and financial, and through the prioritization of activities. Senior management closely monitors the following three key risks for 2022–23:

- i. **IT modernization:** There is a risk that NSERC’s aging information technology and support services will negatively impact operations and ability to deliver on core mandate.
- ii. **Business disruption:** There is a risk that unforeseen events, such as pandemics, cyber-security attacks and/or social unrest could adversely impact NSERC’s ability to continue its day-to-day operations.
- iii. **Change management:** There is a risk that NSERC will not be able to effectively manage change in a rapidly evolving and demanding environment.

4. Significant changes related to operations, personnel and programs

Budget 2022 included \$40.9 M over five years, starting in 2022–23 for the federal granting agencies to support targeted scholarships and fellowships for promising Black student researchers. As well, Budget 2022 included \$100 M over six years, starting in 2022–23, to NSERC and the Social Sciences and Humanities Research Council of Canada (SSHRC) to support post-secondary research in developing technologies and crop varieties that will allow for net-zero emission agriculture. This funding will be delivered in closed collaboration with Agriculture and Agri-food Canada as part of a suite of programs.

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NSERC, together with the Canadian Institutes of Health Research (CIHR) and SSHRC, have established a limited-time [Special Response Fund for Trainees \(Ukraine\)](#), or SRFT-Ukraine, to initiate or maintain the employment or financial support—via stipend or salary—of graduate students and postdoctoral researchers who are directly impacted by the crisis in Ukraine.

On April 25, 2022, NSERC and the [French National Centre for Scientific Research](#) (CNRS) announced that they have entered into a formal partnership, which will serve as a framework to build on existing collaborations and investigate new opportunities for cutting-edge research and training activities between both organizations.

On June 15, 2022 NSERC launched the [NSERC guide on integrating equity, diversity and inclusion considerations in research](#). The new guide is designed to help NSE researchers apply a critical equity, diversity and inclusion (EDI) lens in their work by providing guiding questions and examples relevant to their field of research.

Katherine Ludwig has joined NSERC in the role of NSERC/SSHRC Chief Audit Executive. She brings over 14 years of experience in internal and external auditing to this position.

Approved by:

Dr. Alejandro Adem, FRSC
President

Dominique Osterrath
Vice-President and
Chief Financial Officer

Ottawa, Canada
August 29, 2022

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5. Statement of authorities (unaudited)

	Fiscal year 2022–23			Fiscal year 2021–22		
	Total available for use for the year ending March 31, 2023*	Used during the quarter ended June 30, 2022	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2022*	Used during the quarter ended June 30, 2021	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
Vote 1—Operating expenditures	54,351	13,149	13,149	52,827	12,352	12,352
Vote 5—Grants and scholarships	1,295,369	330,916	330,916	1,321,627	350,852	350,852
Budgetary statutory authorities						
Contributions to the employee benefit plan	6,154	1,539	1,539	5,678	1,419	1,419
Spending of revenues pursuant to subsection 4 (2) of the <i>Natural Sciences and Engineering Research Council Act</i>	203	-	-	179	-	-
Payments related to Public Health Events of National Concern and income support	-	-	-	-	-	-
Total budgetary authorities	1,356,077	345,604	345,604	1,380,311	364,623	364,623

* Includes only authorities available for use and granted by Parliament at quarter-end.

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6. Departmental budgetary expenditures by standard object (unaudited)

	Fiscal year 2022–23			Fiscal year 2021–22		
	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended June 30, 2022	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended June 30, 2021	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
<u>Expenditures</u>						
Personnel	47,182	13,126	13,126	44,131	12,027	12,027
Transportation and communications	412	59	59	1,157	102	102
Information	4,371	134	134	1,012	171	171
Professional and special services	6,915	694	694	5,730	995	995
Rentals	1,066	366	366	723	369	369
Repair and maintenance	96	54	54	145	60	60
Utilities, materials and supplies	72	55	55	145	44	44
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	594	200	200	5,641	3	3
Transfer payments	1,295,369	330,916	330,916	1,321,627	350,852	350,852
Total budgetary expenditures	1,356,077	345,604	345,604	1,380,311	364,623	364,623