

Secretariat of the National Security and Intelligence Committee of Parliamentarians

Quarterly Financial Report For the quarter ended September 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 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 Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

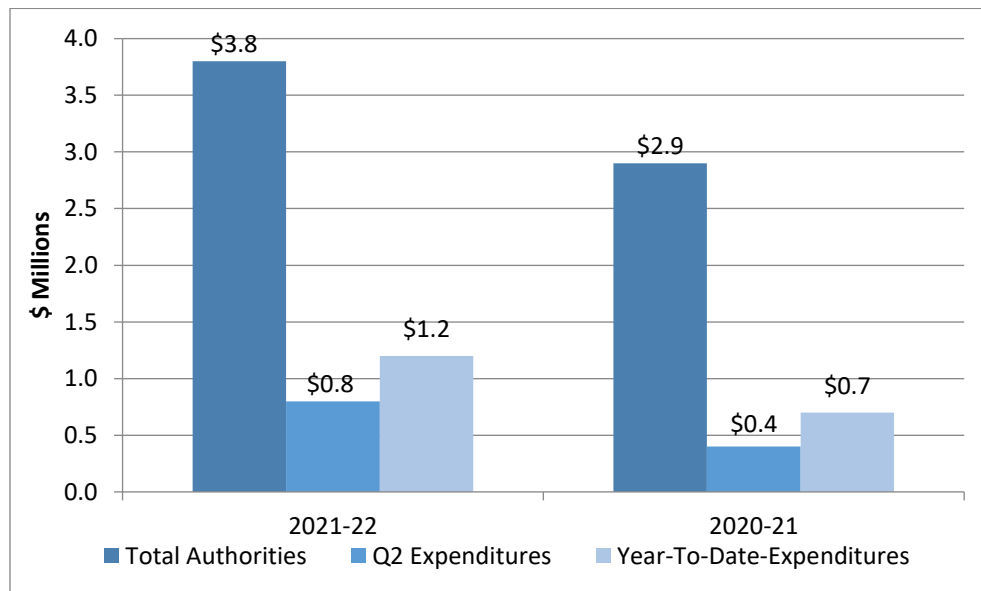
The Secretariat uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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 September 30, 2021.

The Secretariat spent approximately 32% of its authorities by the end of the second quarter, compared to 24% in the same quarter of 2021-22 (see graph 1 below).

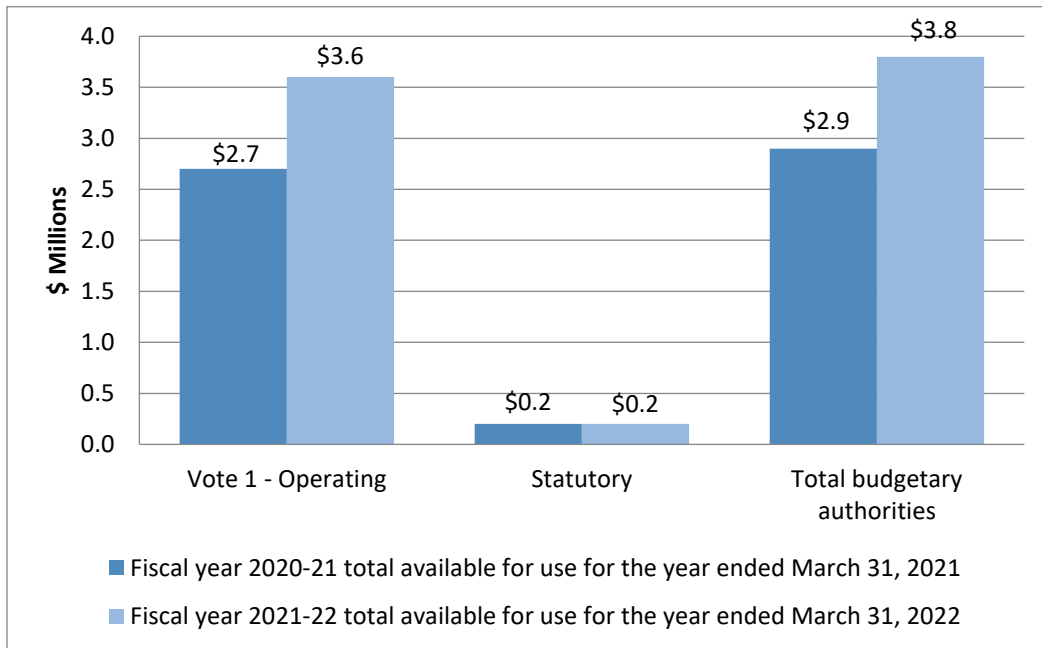
Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q2 2021-2022 and 2020-2021



Significant changes to authorities

As depicted in graph 2 below (as at September 30, 2021) and Annex A, presented at the end of this document, the Secretariat has authorities available for use of \$3.8 million in 2021-22 compared to \$2.9 million as of September 30, 2020, for a net increase of \$0.9 million or 31%. 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 September 30, 2021



Significant changes to quarter expenditures

The second quarter expenditures totaled \$800K for an increase of \$398K (99%) when compared to \$402K spent during the same period in 2020-21. 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 2021-22 Expended during the quarter ended 30-September-2021	Fiscal year 2020-21 Expended during the quarter ended 30-September-2020	Variance \$	Variance %
Personnel	368	318	50	16%
Transportation and communications	2	0	2	2000%
Information	10	2	8	533%
Professional and special services	393	24	369	1544%
Rentals	23	54	(31)	(57%)
Repair and maintenance	-	-	-	0%
Utilities, materials and supplies	-	0	0	0%
Acquisition of machinery and equipment	-	4	(4)	(103%)
Other subsidies and payments	4	0	4	(4000%)
Total gross budgetary expenditures	800	402	398	99%

* Details may not add to totals due to rounding

Personnel

The total increase of \$50K is related to the hiring of new staff and performance pay from the previous fiscal year.

Professional and special services

The increase in professional and special services of \$369K is due to a renewal of the Secretariat’s Memorandum of Understanding for Information Technology services and the purchase of translation services.

Rentals

The decrease of \$31K in rentals is due to a timing difference in receiving rental invoices for the Secretariat’s offices. In 2020, the Secretariat received all rental invoices in the second quarter, while in 2021 the Secretariat received rental invoices in their respective quarters.

Significant changes to year-to-date expenditures

The year-to-date expenditures totaled \$1.171M for an increase of \$429K (58%) when compared to \$742K spent during the same period in 2020-21. 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-2021	YTD Expenditures as of 30-September-2020	Variance \$	Variance %
Personnel	682	657	25	4%
Transportation and communications	2	0	2	2000%
Information	17	2	15	1000%
Professional and special services	418	25	393	1566%
Rentals	46	54	(8)	(15%)
Repair and maintenance	-	-	0	0%
Utilities, materials and supplies	1	0	1	0%
Acquisition of machinery and equipment	-	4	(4)	(103%)
Other subsidies and payments	4	-	4	0%
Total gross budgetary expenditures	1,171	742	429	58%

* Details may not add to totals due to rounding

Personnel

The total increase of \$25K is related to the hiring of new staff and performance pay from the previous fiscal year.

Professional and special services

The increase in professional and special services of \$393K is due to a renewal of the Secretariat’s Memorandum of Understanding for Information Technology services and the purchase of translation services. The Secretariat also contracted legal academic work in relation to one of the Committee’s ongoing reviews.

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 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 maintained operations with a blend of remote work and on-site activities during this period due to the COVID-19 pandemic. This allowed the Committee to complete its review of the cyber defence activities of the government and to provide its report to the Prime Minister.

On August 15, 2021, a general election was called, leading to the dissolution of the Committee. During the election period and following the election results on September 20, 2021, the Secretariat continued to work on existing reviews and to prepare for the appointment of the next Committee.

Approval by Senior Officials

Lisa-Marie Inman, Executive Director
Ottawa, Ontario

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

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

STATEMENT OF AUTHORITIES (unaudited) (note 2)

(In dollars)

	Fiscal year 2021-2022			Fiscal Year 2020-2021		
	Total available for use for the year ending March 31, 2022 (note 1)	Used during the quarter ended September 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 September 30, 2020	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	3,576,545	740,651	1,051,719	2,661,876	346,951	632,363
Budgetary statutory authorities						
Contributions to employee benefits plans	238,048	59,512	119,024	218,588	54,647	109,294
Total budgetary authorities	3,814,593	800,163	1,170,743	2,880,464	401,598	741,657
TOTAL AUTHORITIES	3,814,593	800,163	1,170,743	2,880,464	401,598	741,657

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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	Fiscal year 2021-2022			Fiscal Year 2020-2021		
	Planned expenditures for the year ending March 31, 2022 (note 1)	Expended during the quarter ended September 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 September 30, 2020	Year-to-date used at quarter-end
<i>(In dollars)</i>						
Budgetary expenditures						
Personnel	1,846,483	368,156	681,780	1,326,297	318,291	657,039
Transportation and communications	54,859	2,006	2,134	72,579	52	52
Information	26,703	10,118	17,338	59,530	1,525	1,525
Professional and special services	1,636,468	392,710	418,139	1,173,609	23,924	25,086
Rentals	128,965	23,113	46,227	67,430	54,044	54,044
Repair and maintenance	41,825	-	-	11,717	-	-
Utilities, materials and supplies	9,208	-	1,066	13,328	16	16
Acquisition of machinery and equipment	68,024	-	-	155,974	3,895	3,895
Transfer payments	-	-	-	-	-	-
Other subsidies and payments	2,058	4,059	4,059	-	150	0
Total gross budgetary expenditures	3,814,593	800,163	1,170,743	2,880,464	401,598	741,657
TOTAL BUDGETARY EXPENDITURES	3,814,593	800,163	1,170,743	2,880,464	401,598	741,657

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.