



Quarterly Financial Report for the Quarter Ended June 30, 2020

**Statement Outlining Results, Risks
and Significant Changes in Operations,
Personnel and Programs**



1. Introduction

This quarterly report has been prepared by Library and Archives Canada (LAC) as required by [section 65.1 of the *Financial Administration Act*](#) and in the form and manner prescribed by Treasury Board. This quarterly report should be read in conjunction with the 2020–2021 [Main Estimates](#) and [Supplementary Estimates \(A\)](#).

This quarterly report has not been subject to an independent audit or review.

1.1 Library and Archives Canada's mandate

Under the *Library and Archives of Canada Act*, LAC's mandate is as follows:

- to preserve the documentary heritage of Canada for the benefit of present and future generations;
- to serve as a source of enduring knowledge accessible to all, contributing to the cultural, social and economic advancement of Canada as a free and democratic society;
- to facilitate in Canada co-operation among the communities involved in the acquisition, preservation and diffusion of knowledge; and
- to serve as the continuing memory of the Government of Canada and its institutions.

The Minister of Canadian Heritage is responsible for LAC.

LAC's activities align with two strategic priorities: service transformation and digital optimization.

To reach more users and provide them with the best possible experience, LAC is working to transform its services and virtual access to the collection. Users expect to find what they are looking for quickly, and to have a user-friendly, dynamic and interactive online experience, and this is what LAC aims to deliver by making the most of what digital technology has to offer.

As LAC begins transforming its services to better disseminate its collection's content, it must also prepare by optimizing its digital infrastructure and its ability to acquire, manage and preserve the constantly growing digital content transferred to it by Canadian content producers (federal government institutions, publishers and other creators) and the content generated through digitization.

1.2 Basis of presentation

This quarterly report has been prepared by LAC using an expenditure basis of accounting. The accompanying Statement of Authorities includes the spending authorities granted by Parliament, and those used by LAC, consistent with the [Main Estimates](#) and [Supplementary Estimates \(A\)](#) for the 2020–2021 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 monies 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.

LAC 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 prepared on an expenditure basis.

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

2.1 Statement of Authorities

As reflected in the Statement of Authorities below, total authorities available for use as of June 30, 2020, are \$136.6 million compared to \$159.3 million as of June 30, 2019. The following table provides the detailed list of authorities by fiscal year, as per the Main Estimates:

Authority Vote/Statutory	Description	For the quarter ended June 30, 2020	For the quarter ended June 30, 2019
Vote 1	Operating Expenditures	103,886,627	100,671,964
Vote 1	Revenue credited to the vote	(550,000)	(550,000)
Vote 5	Capital Expenditures	21,753,850	47,317,641
Statutory	Spending of proceeds from the disposal of surplus Crown assets	-	3,712
Statutory	Contributions to employee benefit plans	11,521,626	11,893,027
Total authorities		136,612,103	159,336,344

Note: 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. As of June 30, 2020, LAC has received \$105.3 million of the supply mentioned above. LAC is expected to receive full supply for the 2020–2021 Main Estimates in December 2020.

The overall decrease of \$22.7 million results mainly from the following:

- A decrease of \$23.4 million mainly for the substantial completion payment for the construction of a new building for the preservation of analog archival holdings in Gatineau. However, with this payment now being projected for fiscal year 2022–2023, a realignment of the funding will take place to align authorities with the new spending plan;
- A decrease of \$2.3 million in funding for the revitalization of Indigenous languages and culture initiative;
- A decrease of \$0.4 million related to the private records of the Right Honourable Stephen Harper;
- A decrease of \$0.3 million for Budget 2018 – Fiscal Dividend;
- An increase of \$1.9 million for the partnership between Library and Archives Canada, the Ottawa Public Library and the City of Ottawa for a joint facility; and
- An increase of \$1.8 million for negotiated salary adjustments.

2.2 Statement of departmental budgetary expenditures by standard object

As presented in the Statement of Departmental Budgetary Expenditures by Standard Object, the year-to-date expenditures totalled \$28.3 million as of June 30, 2020, compared to \$29.8 million as of June 30, 2019. The total decrease of \$1.5 million is mainly explained by the following:

- A net decrease of \$2.1 million in the following departmental expenditures, mainly related to the construction of a new building for the preservation of analog archival holdings in Gatineau, and to the management and maintenance of special-purpose buildings, as detailed below:
 - A decrease of \$1.0 million in expenditures for professional and special services;
 - A decrease of \$0.7 million in expenditures related to “Other subsidies and payments,” mainly for payments in lieu of taxes; and
 - A decrease of \$0.4 million in expenditures related to utilities, materials and supplies.
- An increase of \$0.7 million in expenditures related to personnel, due to the hiring of staff to support initiatives already under way (such as the private records of the Right Honourable Stephen Harper, collection preparations for the construction of a new building for the preservation of analog archival holdings in Gatineau, the partnership

between Library and Archives Canada, the Ottawa Public Library and the City of Ottawa for a joint facility, and various class actions); and

- A net decrease of \$0.1 million between the first quarter of fiscal year 2020–2021 and the first quarter of fiscal year 2019–2020 due to other minor variances in other departmental budgetary expenditures within the organization.

3. Risks and uncertainties

The following section presents LAC's key risks:

- Using its existing systems, LAC may not be able to acquire, manage and sustainably preserve the exponential volume of digital content it acquires and digitizes and that is transferred to it. To mitigate this risk, LAC must definitely optimize the systems, infrastructure, processes and tools that underpin its digital operations. The testing and deployment of LAC's Digital Asset Management System (DAMS) and the development of the project to renew its archival information system will partially mitigate the effects of this risk, by contributing to the improvement of its capacity and the interoperability of its digital infrastructure.
- Virtual access to LAC's collection may not meet the expectations of current users and may not help it to attract more users. Developing LAC's digital infrastructure, digitizing the collection, making it available and developing user-friendly digital tools are essential to facilitate access to the collection. To mitigate this risk, LAC will update its user-centric service delivery strategy. In addition, it will develop an integrated management approach for its virtual tools and services.
- LAC may not have sufficient capability to meet its legal obligations regarding access to the archival records of federal institutions and to personal information. LAC's responsibilities in this area go well beyond those of other departments, since LAC is the custodian of billions of pages of documents that it holds on behalf of more than 200 Government of Canada (GC) organizations. LAC will continue to participate in GC efforts to identify government-wide solutions to the challenges presented by the current delivery model. However, in view of the increasing volume and complexity of access requests subject to the *Access to Information Act* and the *Privacy Act*, LAC will need to find solutions so that it can acquire the necessary digital tools and provide the required services in accordance with service standards. The development of a more efficient digital service delivery model will partially mitigate the effects of this risk.

COVID-19 pandemic

Due to the COVID-19 pandemic and the uncertainty related to its evolution, LAC may not be able to offer certain programs and services in an optimal and continuous manner. Faced with this uncertainty, LAC is closely monitoring the situation and applying federal and provincial government directives and public health advice to plan for the gradual and safe reopening of its points of service for in-person access across the country. LAC's priority is to provide its visitors, employees and volunteers with a safe and welcoming environment. This context leads LAC to innovate and transform its service offering even more, to make the collection available online.

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

As of May 4, 2020, Ms. Julie Charbonneau, CPA, CA, was appointed to the position of Director General of Financial Services, Procurement, and Deputy Chief Financial Officer.

There were no other significant changes in the organization's activities and programs during the first quarter, which ended on June 30, 2020.

Approval by Senior Officials

Original signed by:

Leslie Weir
Librarian and Archivist of Canada

Library and Archives Canada
Gatineau, Quebec, Canada
July 30, 2020

Anick Ouellette, CPA, CA
Assistant Deputy Minister, Corporate
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Library and Archives Canada
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July 30, 2020

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Statement of Authorities (unaudited)

<i>(in dollars)</i>	Fiscal year 2020–2021			Fiscal year 2019–2020		
	Total available for use for the year ending March 31, 2021**	Used during the quarter ended June 30, 2020	Year to date used at quarter-end	Total available for use for the year ending March 31, 2020*	Used during the quarter ended June 30, 2019	Year to date used at quarter-end
Vote 1 – Operating Expenditures	103,336,627	25,044,288	25,044,288	100,121,964	26,368,938	26,368,938
Vote 5 – Capital Expenditures	21,753,850	423,269	423,269	47,317,641	417,880	417,880
Contributions to the employee benefit plans	11,521,626	2,880,407	2,880,407	11,893,027	2,973,257	2,973,257
Spending of proceeds from the disposal of surplus Crown assets	0	0	0	3,712	0	0
Total budgetary authorities	136,612,103	28,347,964	28,347,964	159,336,344	29,760,075	29,760,075
Non-budgetary authorities	0	0	0	0	0	0
Total authorities	136,612,103	28,347,964	28,347,964	159,336,344	29,760,075	29,760,075

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

**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. As of June 30, 2020, LAC has received \$105.3 million of the supply mentioned above. LAC is expected to receive full supply for the 2020-2021 Main Estimates in December 2020.

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Departmental Budgetary Expenditures by Standard Object (unaudited)

<i>(in dollars)</i>	Fiscal year 2020–2021			Fiscal year 2019–2020		
	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended June 30, 2020	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended June 30, 2019	Year to date used at quarter-end
Expenditures:						
Personnel	89,370,453	22,275,855	22,275,855	89,625,231	21,645,008	21,645,008
Transportation and communications	444,974	28,790	28,790	823,798	321,453	321,453
Information	250,884	12,217	12,217	164,394	63,563	63,563
Professional and special services	13,580,148	1,490,036	1,490,036	46,648,692	2,532,669	2,532,669
Rentals	1,080,159	1,489,199	1,489,199	965,824	1,581,754	1,581,754
Repair and maintenance	949,038	32,122	32,122	5,364,568	73,095	73,095
Utilities, materials and supplies	4,601,962	70,954	70,954	1,945,308	445,019	445,019
Acquisition of land, buildings and works	16,936,385	73,428	73,428	5,533,530	10,846	10,846
Acquisition of machinery and equipment	1,026,010	168	168	1,095,793	25,198	25,198
Transfer payments	1,500,000	1,857,360	1,857,360	1,500,000	1,361,595	1,361,595
Other subsidies and payments	7,422,090	1,018,858	1,018,858	6,219,206	1,737,073	1,737,073
Total gross budgetary expenditures	137,162,103	28,348,987	28,348,987	159,886,344	29,797,273	29,797,273
Less Revenues netted against expenditures:						
Respendable revenue	550,000	1,023	1,023	550,000	37,198	37,198
Total Revenues netted against expenditures	550,000	1,023	1,023	550,000	37,198	37,198
Total net budgetary expenditures	136,612,103	28,347,964	28,347,964	159,336,344	29,760,075	29,760,075