



Quarterly Financial Report for the Quarter Ended September 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 September 30, 2020, are \$143.6 million compared to \$166.7 million as of September 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 September 30, 2020	For the quarter ended September 30, 2019
Vote 1	Operating Expenditures	108,422,660	105,503,944
Vote 1	Revenue credited to the vote	(550,000)	(550,000)
Vote 5	Capital Expenditures	24,205,372	49,867,511
Statutory	Spending of proceeds from the disposal of surplus Crown assets	3,074	4,638
Statutory	Contributions to employee benefit plans	11,521,626	11,893,027
Total authorities		143,602,732	166,719,120

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 September 30, 2020, LAC has received \$112.3 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 \$23.1 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 is under way 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 \$0.4 million related to the year-end operating and capital budgets carry-forward of funds;
- 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, 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 \$60.7 million as of September 30, 2020, compared to \$63.2 million as of September 30, 2019. The total decrease of \$2.5 million is mainly explained by the following:

- A net decrease of \$2.5 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 \$1.7 million in expenditures for professional and special services;
 - A decrease of \$0.9 million in expenditures related to “Acquisition of land, buildings and works”;
 - A decrease of \$0.5 million in expenditures related to utilities, materials and supplies; and
 - An increase of \$0.6 million in expenditures related to “Other subsidies and payments,” mainly for payments in lieu of taxes;

- A decrease of \$1.2 million in departmental expenditures related to the acquisition of equipment for the preservation of documentary heritage;
- A net decrease of \$0.1 million between the second quarter of fiscal year 2020–2021 and the second quarter of fiscal year 2019–2020 due to other minor variances in other departmental budgetary expenditures within the organization; and
- An increase of \$1.3 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, Ottawa Public Library and the City of Ottawa for a joint facility, and various class actions).

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

Effective August 31, 2020, LAC's Assistant Deputy Minister, Corporate Services and Chief Financial Officer, Anick Ouellette, CPA, CA, left the organization. Nancy Taillon is acting in the position until it is filled permanently.

Effective September 4, 2020, LAC's Director General, Communications Branch, Renee Harden, left the organization. Cécile Lemaire is acting in the position until it is filled permanently.

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

Approval by Senior Officials

Original signed by:

Leslie Weir
Librarian and Archivist of Canada

Library and Archives Canada
Gatineau, Quebec, Canada
November 10, 2020

Nancy Taillon
Acting Assistant Deputy Minister, Corporate
Services and Chief Financial Officer
Library and Archives Canada
Gatineau, Quebec, Canada
November 5, 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 September 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 September 30, 2019	Year to date used at quarter-end
Vote 1 – Operating Expenditures	107,872,660	28,432,584	53,476,872	104,953,944	27,283,323	53,652,261
Vote 5 – Capital Expenditures	24,205,372	1,012,522	1,435,791	49,867,511	3,165,988	3,583,868
Contributions to the employee benefit plans	11,521,626	2,880,406	5,760,813	11,893,027	2,973,257	5,946,514
Spending of proceeds from the disposal of surplus Crown assets	3,074	0	0	4,638	0	0
Total budgetary authorities	143,602,732	32,325,512	60,673,476	166,719,120	33,422,568	63,182,643
Non-budgetary authorities	0	0	0	0	0	0
Total authorities	143,602,732	32,325,512	60,673,476	166,719,120	33,422,568	63,182,643

**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 September 30, 2020, LAC has received \$112.3 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 September 30, 2020	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended September 30, 2019	Year to date used at quarter-end
Expenditures:						
Personnel	90,935,510	23,336,782	45,612,637	90,863,305	22,707,572	44,352,580
Transportation and communications	505,248	34,150	62,940	875,661	276,811	598,264
Information	284,868	35,676	47,893	174,744	104,447	168,010
Professional and special services	15,419,658	2,683,674	4,173,710	51,946,483	3,349,856	5,882,525
Rentals	1,228,010	1,007,282	2,496,481	1,026,975	1,111,154	2,692,908
Repair and maintenance	1,077,591	126,486	158,608	5,702,302	183,800	256,895
Utilities, materials and supplies	5,226,861	427,600	498,554	2,068,124	528,056	973,075
Acquisition of land, buildings and works	19,387,907	371,518	444,946	5,727,540	1,364,772	1,375,618
Acquisition of machinery and equipment	1,164,989	42,414	42,582	1,164,780	1,184,198	1,209,396
Transfer payments	1,500,000	288,110	2,145,470	1,500,000	30,296	1,391,891
Other subsidies and payments	7,422,090	3,983,475	5,002,333	6,219,206	2,626,129	4,363,202
Total gross budgetary expenditures	144,152,732	32,337,167	60,686,154	167,269,120	33,467,091	63,264,364
Less Revenues netted against expenditures:						
Respendable revenue	550,000	11,655	12,678	550,000	44,523	81,721
Total Revenues netted against expenditures	550,000	11,655	12,678	550,000	44,523	81,721
Total net budgetary expenditures	143,602,732	32,325,512	60,673,476	166,719,120	33,422,568	63,182,643