



Quarterly Financial Report for the Quarter Ended December 31, 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 \(A\) & \(B\)](#).

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—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 it generates 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 used by LAC, consistent with the [Main Estimates](#) and [Supplementary Estimates \(A\) & \(B\)](#) for the 2020–2021 fiscal year. This quarterly report has also 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, which 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 December 31, 2020, are \$131.4 million compared to \$171.9 million as of December 31, 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 December 31, 2020	For the quarter ended December 31, 2019
Vote 1	Operating Expenditures	106,623,414	115,811,645
Vote 1	Revenue credited to the vote	(4,500,000)	(550,000)
Vote 5	Capital Expenditures	17,769,315	44,767,511
Statutory	Spending of proceeds from the disposal of surplus Crown assets	3,336	6,050
Statutory	Contributions to employee benefit plans	11,521,626	11,893,027
Total authorities		131,417,691	171,928,233

The overall decrease of \$40.5 million results mainly from the following:

- A decrease of \$36.4 million related to the construction of a new building for the preservation of analog archival holdings in Gatineau due to a reprofile of authorities to align with revised spending plan, including a substantial completion payment now projected for fiscal year 2022–2023;
- A decrease of \$3.4 million to support the administration of the Government of Canada’s response to the LGBT (lesbian, gay, bisexual and transgender) Purge Class Action Settlement;
- A decrease of \$2.3 million in funding for the revitalization of Indigenous languages and cultures initiative;
- A decrease of \$0.5 million for the 2018 federal budget fiscal dividend as well as for the voluntary contribution to the financial management transformation;
- 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; and
- An increase of \$2.9 million for the partnership between Library and Archives Canada, Ottawa Public Library and the City of Ottawa for a joint facility.

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 \$92.1 million as of December 31, 2020, compared to \$97.9 million as of December 31, 2019. The decrease of \$5.8 million is mainly explained by the following:

- A net decrease of \$2.3 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 \$1.8 million in expenditures for professional and special services;
 - A decrease of \$0.3 million in expenditures related to utilities, materials and supplies; and
 - A decrease of \$0.2 million in expenditures related to “Other subsidies and payments,” mainly for payments in lieu of taxes;

- A decrease of \$1.6 million in departmental expenditures related to the acquisition of equipment for the preservation of documentary heritage;
- A decrease of \$1 million in expenditures related to personnel mainly due to retroactive payments related to negotiated salary adjustments; and
- A net decrease of \$0.9 million mainly related to reductions in travel due to the COVID-19 pandemic and 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 facilitating 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 capacity 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

There were no significant changes in the organization's personnel, activities and programs during the third quarter, which ended on December 31, 2020.

Approval by Senior Officials

Original signed by:

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February 9, 2021

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February 5, 2021

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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 December 31, 2020	Year to date used at quarter-end	Total available for use for the year ending March 31, 2020*	Used during the quarter ended December 31, 2019	Year to date used at quarter-end
Vote 1 – Operating Expenditures	102,123,414	24,755,889	78,232,761	115,261,645	29,024,355	82,676,616
Vote 5 – Capital Expenditures	17,769,315	3,819,722	5,255,513	44,767,511	2,674,604	6,258,472
Contributions to the employee benefit plans	11,521,626	2,880,407	8,641,220	11,893,027	2,973,257	8,919,771
Spending of proceeds from the disposal of surplus Crown assets	3,336	0	0	6,050	0	0
Total budgetary authorities	131,417,691	31,456,018	92,129,494	171,928,233	34,672,216	97,854,859
Non-budgetary authorities	0	0	0	0	0	0
Total authorities	131,417,691	31,456,018	92,129,494	171,928,233	34,672,216	97,854,859

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

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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 December 31, 2020	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended December 31, 2019	Year to date used at quarter-end
Expenditures:						
Personnel	90,758,211	22,199,980	67,812,617	92,691,004	24,498,982	68,851,562
Transportation and communications	505,248	4,836	67,776	875,661	332,602	930,866
Information	284,868	18,855	66,748	174,744	21,821	189,831
Professional and special services	11,056,932	4,517,147	8,690,857	55,326,485	4,646,934	10,529,459
Rentals	1,203,048	1,295,206	3,791,687	1,027,681	734,447	3,427,355
Repair and maintenance	3,527,234	194,890	353,498	5,702,302	239,656	496,551
Utilities, materials and supplies	6,419,294	1,082,704	1,581,258	2,068,830	882,302	1,855,377
Acquisition of land, buildings and works	11,786,520	2,518,308	2,963,254	5,727,540	1,455,434	2,831,052
Acquisition of machinery and equipment	915,475	214,388	256,970	1,164,780	662,417	1,871,813
Transfer payments	1,500,000	346,754	2,492,224	1,500,000	1,296,461	2,688,352
Other subsidies and payments	7,960,861	(909,057)	4,093,276	6,219,206	(46,502)	4,316,700
Total gross budgetary expenditures	135,917,691	31,484,011	92,170,165	172,478,233	34,724,554	97,988,918
Less Revenues netted against expenditures:						
Respendable revenue	4,500,000	27,993	40,671	550,000	52,338	134,059
Total Revenues netted against expenditures	4,500,000	27,993	40,671	550,000	52,338	134,059
Total net budgetary expenditures	131,417,691	31,456,018	92,129,494	171,928,233	34,672,216	97,854,859