



Quarterly Financial Report for the Quarter Ended December 31, 2021

**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 2021–2022 [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*, the mandate of LAC 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 the optimization of its digital capacity.

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 2021–2022 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 money 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, 2021, are \$163.6 million, compared to \$131.4 million as of December 31, 2020. The following table provides the detailed list of authorities by fiscal year:

| Authority Vote/Statutory | Description | For the quarter ended December 31, 2021 | For the quarter ended December 31, 2020 |
|-----------------------------|---|--|--|
| Vote 1 | Operating expenditures | 115,716,402 | 106,623,414 |
| Vote 1 | Revenue credited to the vote | (5,000,000) | (4,500,000) |
| Vote 5 | Capital expenditures | 40,841,157 | 17,769,315 |
| Statutory | Spending of proceeds from the disposal of surplus Crown assets | 18,451 | 3,336 |
| Statutory | Contributions to employee benefit plans | 12,068,382 | 11,521,626 |
| Total authorities | | 163,644,392 | 131,417,691 |

The net increase of \$32.2 million results mainly from the following:

- An increase of \$17.2 million for the partnership between LAC, the Ottawa Public Library and the City of Ottawa for a joint facility project (Ādisōke);
- An increase of \$11.5 million resulting from the realignment of the funding for the Real Property Portfolio; and
- An increase of \$3.5 million for salary adjustments following the ratification of collective agreements.

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 \$84.9 million as of December 31, 2021, compared to \$92.1 million as of December 31, 2020. The decrease of \$7.2 million is explained mainly by the following:

- A decrease of \$3.2 million in expenditures related to personnel, mainly from the sunsetting of funding for various initiatives as well as a higher turnover of personnel;
- A net decrease of \$2.1 million in departmental expenditures, due mainly to activities surrounding the acquisition, preservation and access of documentary heritage, as detailed below:
 - A decrease of \$1.0 million in departmental expenditures related to the maintenance and rental of equipment;
 - A decrease of \$0.7 million in departmental expenditures related to the acquisition of equipment;
 - A decrease of \$0.2 million in departmental expenditures related to “Professional and special services”; and
 - A decrease of \$0.2 million in departmental expenditures related to “Utilities, materials and supplies”;
- A variance of \$1.2 million in spendable revenues collected by LAC, due mainly to the timing of invoicing to other government departments in relation with class action settlement agreements;
- A decrease of \$0.4 million in expenditures related to “Transfer payments,” due mainly to the timing of contribution payments for the Indigenous languages and cultures initiative; and
- A net decrease of \$0.3 million related mainly to minor variances in the organization’s other departmental budgetary expenditures.

3. Risks and uncertainties

The following section presents LAC's key risks:

- If LAC does not renew or enhance the current systems and processes supporting its digital operations, it risks hindering its ability to deliver on its mandate in an effective and efficient manner.
- If LAC does not have the capacity to fulfill its obligations related to its custodial role, its Real Property Portfolio risks both deterioration and not meeting the growing needs of its special-purpose space to store its collections, which would jeopardize its integrity.
- If LAC does not continue to improve all of the services it offers (to researchers, the general public, the federal government, donors, libraries, publishers and in support of litigation), it risks not fully meeting the changing needs and expectations of current and future users and not remaining relevant.
- If LAC cannot recruit, train and maintain a workforce with the expertise and skills required to adapt to the rapid evolution of its business, it risks not fully achieving its mandate.

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

Effective April 1, 2021, a new organizational structure was implemented at LAC. This new organizational structure is based largely on LAC's Vision 2030 initiative and its two priorities: digital optimization and service transformation. The main goal of restructuring was to create a more agile, flexible, resilient and efficient organization that is better prepared to face the new challenges that lie ahead.

On November 15, 2021, Jasmine Bouchard joined LAC as the Assistant Deputy Minister, User Experience and Engagement.

There were no other significant changes in the organization's activities and programs during the third quarter, which ended on December 31, 2021.

Approval by senior officials

Original signed by:

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February 4, 2022

Nancy Taillon
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February 3rd, 2022

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Statement of Authorities (unaudited)

| <i>(in dollars)</i> | Fiscal year 2021–2022 | | | Fiscal year 2020–2021 | | |
|--|---|---|----------------------------------|---|---|----------------------------------|
| | Total available for use for the year ending March 31, 2022* | Used during the quarter ended December 31, 2021 | Year-to-date used at quarter-end | 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 |
| Vote 1 – Operating Expenditures | 110,716,402 | 19,715,748 | 71,716,804 | 102,123,414 | 24,755,889 | 78,232,761 |
| Vote 5 – Capital Expenditures | 40,841,157 | 1,636,681 | 4,395,327 | 17,769,315 | 3,819,722 | 5,255,513 |
| Contributions to the employee benefit plans | 12,068,382 | 2,937,611 | 8,812,834 | 11,521,626 | 2,880,407 | 8,641,220 |
| Spending of proceeds from the disposal of surplus Crown assets | 18,451 | 0 | 0 | 3,336 | 0 | 0 |
| Total budgetary authorities | 163,644,392 | 24,290,040 | 84,924,965 | 131,417,691 | 31,456,018 | 92,129,494 |
| Non-budgetary authorities | 0 | 0 | 0 | 0 | 0 | 0 |
| Total authorities | 163,644,392 | 24,290,040 | 84,924,965 | 131,417,691 | 31,456,018 | 92,129,494 |

*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 2021–2022 | | | Fiscal year 2020–2021 | | |
|---|---|---|-------------------------------------|---|---|-------------------------------------|
| | Planned expenditures for the year ending March 31, 2022 | Expended during the quarter ended December 31, 2021 | Year-to-date used at quarter-end | Planned expenditures for the year ending March 31, 2021 | Expended during the quarter ended December 31, 2020 | Year-to-date used at quarter-end |
| Expenditures: | | | | | | |
| Personnel | 97,798,872 | 20,470,791 | 64,570,693 | 90,758,211 | 22,199,980 | 67,812,617 |
| Transportation and communications | 658,710 | 37,715 | 83,353 | 505,248 | 4,836 | 67,776 |
| Information | 244,646 | 10,627 | 77,758 | 284,868 | 18,855 | 66,748 |
| Professional and special services | 9,409,731 | 2,516,912 | 8,515,697 | 11,056,932 | 4,517,147 | 8,690,857 |
| Rentals | 1,059,953 | 663,254 | 2,803,069 | 1,203,048 | 1,295,206 | 3,791,687 |
| Repair and maintenance | 5,044,709 | 93,306 | 306,674 | 3,527,234 | 194,890 | 353,498 |
| Utilities, materials and supplies | 5,253,073 | 515,153 | 1,390,367 | 6,419,294 | 1,082,704 | 1,581,258 |
| Acquisition of land, buildings and works | 36,689,298 | 901,236 | 2,312,051 | 11,786,520 | 2,518,308 | 2,963,254 |
| Acquisition of machinery and equipment | 709,682 | 15,476 | 175,682 | 915,475 | 214,388 | 256,970 |
| Transfer payments | 1,500,000 | 185,560 | 2,137,555 | 1,500,000 | 346,754 | 2,492,224 |
| Other subsidies and payments | 10,275,718 | 93,278 | 3,826,405 | 7,960,861 | (909,057) | 4,093,276 |
| Total gross budgetary expenditures | 168,644,392 | 25,503,308 | 86,199,304 | 135,917,691 | 31,484,011 | 92,170,165 |
| Less Revenues netted against expenditures: | | | | | | |
| Respendable Revenues | 5,000,000 | 1,213,268 | 1,274,339 | 4,500,000 | 27,993 | 40,671 |
| Total Revenues netted against expenditures | 5,000,000 | 1,213,268 | 1,274,339 | 4,500,000 | 27,993 | 40,671 |
| Total net budgetary expenditures | 163,644,392 | 24,290,040 | 84,924,965 | 131,417,691 | 31,456,018 | 92,129,494 |