



Federal Economic Development
Agency for Northern Ontario

Agence fédérale de développement
économique pour le Nord de l'Ontario

Federal Economic Development Agency for Northern Ontario:

Quarterly Financial Report for the Quarter ended December 31, 2021

Canada 

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To obtain a copy of this publication, or to receive it in an alternate format (Braille, large print, etc.), please contact:

FedNor Communications
Federal Economic Development Agency for Northern Ontario
19 Lisgar Street
Suite 307
Sudbury, ON P3E 3L4
Canada

Telephone (toll-free in Canada): 1-877-333-6673
TTY (for hearing impaired): 1-866-694-8389
Business hours: 8:30 a.m. to 5:00 p.m. (Eastern Time)
Email: fednormediarelations-relationsaveclesmediasfednor@ised-isde.gc.ca

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**Federal Economic Development Agency for Northern Ontario (FedNor)
Quarterly Financial Report
Outlining Results, Risks and Significant Changes in
Operations, Personnel and Programs**

For the Quarter Ended December 31, 2021

1. Introduction

This Quarterly Financial Report (QFR) has been prepared by management as required by Federal Economic Development Agency for Northern Ontario (FedNor) under section 65.1 of the *Financial Administration Act*, in the form and manner prescribed by the Treasury Board.

This report should be read in conjunction with the [Supplementary Estimates](#) for fiscal year 2021–2022. These documents provide a brief description of FedNor’s mandate and programs.

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

1.1 Authority, mandate and programs

First created as a federal initiative within the Department of Industry in 1987 with a mandate to assist in the expansion and diversification of the economy of Northern Ontario, the Federal Economic Development Agency for Northern Ontario (FedNor) was established as a standalone Regional Development Agency on August 12, 2021 via an Order-in-Council pursuant to the *Public Service Rearrangement and Transfer of Duties Act*.

FedNor works to create opportunities for economic growth by helping businesses become more competitive, innovative and productive, by working with diverse communities to develop and diversify local economies, and by championing the strengths of the region.

A summary description of FedNor’s core responsibilities can be found in on its external [website](#) as well as in future Departmental Plans.

1.2 Basis of presentation

This quarterly report was prepared by FedNor 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 Main Estimates and Supplementary Estimates (as applicable) for the 2021–2022 fiscal year. This 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.

Prior authority from Parliament is required before funds can be spent by the Government. Authorities available for use are given through appropriation acts in the form of annually

approved limits, or through legislation in the form of statutory spending authorities for specific purposes.

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

The accompanying Statement of Authorities contains FedNor's spending authorities granted by Parliament, which includes the 2021–2022 Supplementary Estimates as well as any adjustments, warrants and transfers.

1.3. Financial structure and definitions of Federal Economic Development Agency for Northern Ontario (FedNor)

The following descriptions are referred to throughout the report:

- **Operating (Vote 1):** Amount approved for the fiscal year for the Department to spend on salary and operating expenditures.
- **Grants and Contributions (Vote 5):** Amount approved for the fiscal year for the Department to provide Grants and Contribution (G&C) funding to prospective recipients.
- **Authority:** Approvals from Parliament to spend up to a specific amount.
- **Operating Carry Forward:** Eligible funds lapsed in the previous fiscal year brought forward to the following year.
- **Employee Benefit Plan (EBP):** The department's contribution to public service employee benefit plans.
- **Standard Object (SO):** Classification or coding of transactions to permit the reporting of information about the nature of transactions in the Estimates and Public Accounts (i.e. personnel, professional and special services, and transfer payments).

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

This section highlights the significant items that represent the authorities by votes given for the year and actual expenditures by Standard Object as of the third quarter ended December 31, 2021. Due to the creation of the FedNor as a standalone department on August 12, 2021, there will be no historical comparative data for fiscal year 2020-21. Additionally, all figures included in this report are as of August 12, 2021.

As of the third quarter, FedNor has total budgetary authorities of \$100.7 million for 2021-22. The majority of this funding (\$91.3 million) is for Grants and Contributions and is broken down into the following specific programs, including Q3 and year-to-date spending:

Vote 5 – Grants and Contribution- Program (millions of dollars)	Authorities Available for Use	Q3 Actuals	Year-to-date Actuals (as of August 12, 2021)
Northern Ontario Development Program	49.2	13.3	16.3
Regional Economic Growth through Innovation	31.4	6.4	8.2
Community Futures Program	9.2	2.0	6.5
Women Entrepreneurship Strategy	0.9	-	0.9
Economic Development Initiative	0.6	0.2	0.3

Funding for operations is \$9.4 million of which \$7.5 million is allocated to personnel expenditures. The next highest allocation is for information at \$1 million. For more details on FedNor’s spending by standard object, see Table 1: Departmental budgetary expenditures by standard object, below.

3. Risks and uncertainties

FedNor is currently in a transition period as it develops its own internal governance structure, capacity and reporting capabilities. FedNor has a Memorandum of Understanding with Innovation, Science and Economic Development Canada (ISED) to continue providing internal services to FedNor, including systems support, information technology support, and security services. Similarly, FedNor has a Memorandum of Understanding with the Canadian Economic Development Agency for Quebec to provide for its internal human resources. Until the completed structures and capacity are in place, FedNor will continue to rely on these services and established processes to ensure uninterrupted operations.

In terms of transfer payment program and transfer payment recipient risk, FedNor transfers funds to recipients each year, while balancing program and recipient risks to deliver on its mandate. FedNor undertakes risk assessments on new, existing and reformed programs as well as an annual general assessment of each recipient to identify areas of risk. With this in mind, there are risks associated with the rapid delivery of new and enhanced programming to ensure timely implementation of Budget 2021 initiatives and related commitments. As the majority of Grant and Contribution funding is being provided through existing programs with well-functioning internal controls, the department continues to seek improvements to enhance those controls as it transitions.

From an internal management perspective, FedNor will continue to monitor, and when required, develop clear mitigation actions towards its financial risks.

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

In March 2020, the World Health Organization declared a global pandemic following the outbreak of a novel strain of the coronavirus (COVID-19). For the protection of personnel and that of communities right across the country, efforts were made to take all public health precautions to prevent the spread of COVID-19. As a result, the following significant changes occurred in relation to operations, personnel and programs during the 2020-2021 fiscal year and remained in effect for the third quarter of 2021-2022:

- In line with the Government of Canada’s Chief Human Resources Officer’s recommendation, and to ensure the Agency was adhering to federal and provincial public safety requirements, employees were asked to work from home as of March 16, 2020.
- With the easing of COVID-19 restrictions along with the vaccination rollout across the country, and despite a resurgence of COVID-19 with the arrival of the Omicron variant, offices remained open, most employees worked from home whenever and wherever possible to comply with the health measures for physical distancing to keep employees and Canadians safe.
- Given the increase in program activities including the delivery of Budget 2021 temporary initiatives, FedNor’s program expenditures are expected to continue to rise moving forward. In the meantime, the department is also continuing to evaluate employees’ return to the workplace and future of work initiatives.

Finally, Manon Brassard took up the position of Interim President on August 12, 2021.

5. Approval of senior officials

The purpose of this section is to provide the approval of senior officials, as required by the Policy on Financial Management, as follows:

Approved by:

Original signed by

Manon Brassard
Interim President

Date

Original signed by

Lisa Furtado CPA, CMA
Interim Chief Financial Officer

Date

Federal Economic Development Agency for Northern Ontario

For the quarter ended December 31, 2021

STATEMENT OF AUTHORITIES *(unaudited)*

	Fiscal Year 2021–22			Fiscal Year 2020–21		
	Total available for use for the year ending March 31, 2022 ⁽¹⁾⁽²⁾	Used during the quarter ended December 31, 2021 ⁽²⁾	Year to date used at quarter end ⁽²⁾	Total available for use for the year ending March 31, 2021 ⁽¹⁾	Used during the quarter ended December 31, 2020	Year to date used at quarter-end
<i>(in thousands of dollars)</i>						
Vote 1 - Operating expenditures	9,174	2,236	3,700			
Vote 1 - Net Operating Expenditures	9,174	2,236	3,700	-	-	-
Vote 5 - Grants and contributions	91,328	21,891	32,151			
Total voted authorities	100,502	24,127	35,851	-	-	-
Employee Benefit Plans	183	-	-			
Total budgetary statutory authorities	183	-	-	-	-	-
Total authorities	100,685	24,127	35,851	-	-	-

⁽¹⁾ Includes only Authorities available for use and granted by Parliament at quarter-end.

⁽²⁾ All figures are as of August 12, 2021. Results prior to August 12, 2021, are consolidated and reported in Innovation Science and Economic Development's (ISED) statements.

Federal Economic Development Agency for Northern Ontario
For the quarter ended December 31, 2021

Table 1: Departmental budgetary expenditures by Standard Object *(unaudited)*

<i>(in thousands of dollars)</i>	Fiscal Year 2021–22			Fiscal Year 2020–21		
	Planned expenditures for the year ending March 31, 2022 ⁽¹⁾⁽²⁾	Expended during the quarter ended December 31, 2021 ⁽²⁾	Year to date used at quarter end ⁽²⁾	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	7,455	1,928	3,292			
Transportation and communications	76	29	30			
Information	1,009	208	271			
Professional and special services	675	55	94			
Rentals	9	2	1			
Repair and maintenance	12	6	6			
Utilities, materials and supplies	21	2	2			
Acquisition of land, buildings and works	-	-	-			
Acquisition of machinery and equipment	100	6	4			
Transfer payments	91,328	21,891	32,151			
Other subsidies and payments	-	-	-			
Total gross budgetary expenditures	100,685	24,127	35,851	-	-	-
Total net budgetary expenditures	100,685	24,127	35,851	-	-	-

⁽¹⁾ Includes only Authorities available for use and granted by Parliament at quarter-end.

⁽²⁾ All figures are as of August 12, 2021. Results prior to August 12, 2021, are consolidated and reported in Innovation Science and Economic Development's (ISED) statements.