



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 September 30, 2022

Canada 

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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 September 30, 2022

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 must be read in conjunction with the Main Estimates and Supplementary Estimates for the fiscal year 2022-2023. 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 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 2022–2023 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.

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 second quarter ended September 30, 2022. Due to the creation of FedNor as a standalone department on August 12, 2021, quarterly financial reporting was not required until the third quarter of the fiscal year 2021-22. As a result, there is no historical comparative data for the second quarter of the fiscal year 2021-22.

As of the second quarter, FedNor has total budgetary authorities of \$124.2 million for 2022-23. The majority of this funding (\$109.6 million) is for Grants and Contributions and is broken down into the following specific programs, including Q2 actuals and year-to-date spending:

Vote 5 – Grants and Contribution-Program (millions of dollars)	Authorities Available for Use	Q2 Actuals	Year to date used at quarter end
Northern Ontario Development Program	64.0	5.7	16.2
Regional Economic Growth through Innovation	35.3	4.4	10.0
Community Futures Program	8.5	1.0	4.7
Women Entrepreneurship Strategy	1.0	0.4	0.4
Economic Development Initiative	0.8	0.1	0.2

Funding for operations is \$14.5 million of which \$12.8 million is allocated to personnel expenditures. The next highest allocation is for information technology at \$1.1 million.

FedNor's expenditures were \$14.5 million for the quarter ended September 30, 2022. The majority of expenditures were for Transfer Payments (\$11.6 million) and Personnel (\$2.8 million). For more details on FedNor's spending by standard object, see Appendix 6.2: Departmental budgetary expenditures by standard object.

3. Risks and uncertainties

FedNor continues to be 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. 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

There have been no significant changes during the second quarter of the fiscal year 2022-23.

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

Valerie Gideon
President

Date

Original signed by

Lisa Furtado CPA, CMA
Chief Financial Officer

Date

6. Appendices

6.1 Statement of authorities (unaudited)

Fiscal Year 2022-2023 (\$000's)

<i>(in thousands of dollars)</i>	Fiscal Year 2022–23		
	Total available for use for the year ending March 31, 2023 ⁽¹⁾	Used during the quarter ended September 30, 2022	Year to date used at quarter end
Vote 1 - Operating expenditures	12,911	2,456	4,374
Vote 1 - Net Operating Expenditures	12,911	2,456	4,374
Vote 5 - Grants and contributions	109,618	11,526	31,467
Total voted authorities	122,529	13,982	35,841
Employee Benefit Plans	1,624	541	946
Total budgetary statutory authorities	1,624	541	946
Total authorities	124,153	14,523	36,787

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

Fiscal year 2021-2022 (\$000's)

	Fiscal Year 2021-22		
	Total available for use for the year ending March 31, 2022 ⁽¹⁾⁽²⁾	Used during the quarter ended September 30, 2021 ⁽²⁾	Year to date used at quarter end ⁽²⁾
<i>(in thousands of dollars)</i>			
Vote 1 - Operating expenditures	9,174	-	-
Vote 1 - Net Operating Expenditures	9,174	-	-
Vote 5 - Grants and contributions	91,328	-	-
Total voted authorities	100,502	-	-
Employee Benefit Plans	183	-	-
Total budgetary statutory authorities	183	-	-
Total authorities	100,685	-	-

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

⁽²⁾ FedNor became a stand alone agency as of August 12, 2021. Quarterly financial reports were not required until the third quarter for the fiscal year 2021-22. As a result, there is no historical comparative data for the second quarter of the fiscal year 2021-22.

6.2 Departmental budgetary expenditures by standard object (unaudited)

Fiscal Year 2022-2023 (\$000's)

(in thousands of dollars)

	Fiscal Year 2022–23		
	Planned expenditures for the year ending March 31, 2023 ⁽¹⁾	Expended during the quarter ended September 30, 2022	Year to date used at quarter end
Expenditures:			
Personnel	12,779	2,807	5,062
Transportation and communications	119	27	62
Information	1,052	12	17
Professional and special services	332	133	154
Rentals	5	2	2
Repair and maintenance	165	8	13
Utilities, materials and supplies	3	4	6
Acquisition of machinery and equipment	80	4	4
Transfer payments	109,618	11,526	31,467
Total gross budgetary expenditures	124,153	14,523	36,787
Total net budgetary expenditures	124,153	14,523	36,787

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

Fiscal year 2021-2022 (\$000's)

(in thousands of dollars)

	Fiscal Year 2021-22		
	Planned expenditures for the year ending March 31, 2022 ⁽¹⁾⁽²⁾	Expended during the quarter ended September 30, 2021 ⁽²⁾	Year to date used at quarter end ⁽²⁾
	Expenditures:		
Personnel	7,455	-	-
Transportation and communications Information	76	-	-
Professional and special services	1,009	-	-
Rentals	675	-	-
Repair and maintenance	9	-	-
Utilities, materials and supplies	12	-	-
Acquisition of machinery and equipment	21	-	-
Transfer payments	100	-	-
	91,328	-	-
Total gross budgetary expenditures	100,685	-	-
Total net budgetary expenditures	100,685	-	-

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

⁽²⁾ FedNor became a stand alone agency as of August 12, 2021. Quarterly financial reports were not required until the third quarter for the fiscal year 2021-22. As a result, there is no historical comparative data for the second quarter of the fiscal year 2021-22.