



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, 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 December 31, 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 2022-23. 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

FedNor was 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. In fiscal year 2021-22, via [Order in Council P.C. 2021-0840](#)^[1] dated August 6, 2021, and coming into force on August 12, 2021, (1) transferring from the Department of Industry to the Federal Economic Development Agency for Northern Ontario the control and supervision of that portion of the federal public administration in the Department of Industry known as the Federal Economic Development Initiative for Northern Ontario.

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 2022-23 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.
- **Employee Benefit Plan (EBP):** The department's contribution to public service employee benefit plans.

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

This section highlights significant changes to the fiscal quarter results as of December 31, 2022. For more details on FedNor's statement of authorities, see Appendix 6.1: Statement of authorities.

Statement of Authorities: Vote 1 – Net Operating Expenditures

Total authorities available for fiscal year 2022-23 are \$17.1 million, compared with \$9.2 million as at December 31, 2021.

FedNor became a standalone Agency effective August 12, 2021. Actual expenditures from the 2020-21 fiscal year and from April 1, 2021 to August 12, 2021 are reflected in Innovation, Science, Economic Development's (ISED) 2021-22 Departmental Plan, therefore, there is no historical information for a comparative analysis for the 2020-21 and 2021-22 fiscal years.

Vote 1 authorities used during the third quarter ended December 31, 2022 were \$2.7 million as compared to the \$2.2 million for the same period last year. The increase \$0.5 million can be attributed to:

- An increase of \$0.5 million in personnel costs related to the ramp up of staffing activities in the establishment of the stand alone Agency.

Statement of Authorities: Vote 5 – Grants and Contributions

Total authorities used during the third quarter ended December 31, 2022 were \$19.0 million as compared to the \$21.9 million for the same period last year. The decrease of \$2.9 million can be mainly attributed to the timing of processing claims for payments.

For further details on FedNor's spending by standard object, see Appendix 6.2: Departmental budgetary expenditures by standard object.

Vote 5 – Grants and Contribution-Program (millions of dollars)	Authorities Available for Use	Q3 Actuals	Year to date used at quarter end
Northern Ontario Development Program	68.6	9.8	26.0
Regional Economic Growth through Innovation	35.3	6.6	16.6
Community Futures Program	8.5	2.3	7.1
Women Entrepreneurship Strategy	1.0	-	0.4
Economic Development Initiative	0.8	0.3	0.4

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

The Prime Minister appointed Valerie Gideon as the new President of FedNor, effective October 17, 2022.

Lisa Furtado was promoted as the Chief Financial Officer of FedNor, effective October 17, 2022.

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

Original signed by

Valerie Gideon
President

Lisa Furtado CPA, CMA
Chief Financial Officer

February 7, 2023

February 7, 2023

6. Appendices

6.1 Statement of authorities (unaudited)

Fiscal Year 2022-23 (\$000's)

	Fiscal Year 2022–23		
	Total available for use for the year ending March 31, 2023 ⁽¹⁾	Used during the quarter ended December 31, 2022	Year to date used at quarter end
<i>(in thousands of dollars)</i>			
Vote 1 - Operating expenditures	17,059	2,694	7,144
Vote 1 - Net Operating Expenditures	17,059	2,694	7,144
Vote 5 - Grants and contributions	114,218	18,983	50,450
Total voted authorities	131,277	21,677	57,594
Employee Benefit Plans	2,341	271	1,218
Total budgetary statutory authorities	2,341	271	1,218
Total authorities	133,618	21,948	58,812

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

Fiscal year 2021-22 (\$000's)

	Fiscal Year 2021–22		
<i>(in thousands of dollars)</i>	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⁾
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⁾ FedNor became a stand alone agency as of August 12, 2021. As a result, expenditures included are from August 12, 2021 to December 31, 2021 in the 2021-22 fiscal year.

6.2 Departmental budgetary expenditures by standard object (unaudited)

Fiscal Year 2022-23 (\$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 December 31, 2022	Year to date used at quarter end
Expenditures:			
Personnel	16,150	2,638	7,701
Transportation and communications	228	62	124
Information	1,771	52	70
Professional and special services	520	165	319
Rentals	25	15	17
Repair and maintenance	606	5	92
Utilities, materials and supplies	15	5	11
Acquisition of machinery and equipment	85	23	28
Transfer payments	114,218	18,983	50,450
Total gross budgetary expenditures	133,618	21,948	58,812
Total net budgetary expenditures	133,618	21,948	58,812

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

Fiscal year 2021-22 (\$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 December 31, 2021 ⁽²⁾	Year to date used at quarter end ⁽²⁾
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 machinery and equipment	100	6	4
Transfer payments	91,328	21,891	32,151
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⁾ FedNor became a stand alone agency as of August 12, 2021. As a result, expenditures included are from August 12, 2021 to December 31, 2021 in the 2021-22 fiscal year.