

National Security and Intelligence Review Agency

Quarterly financial report for the quarter ended December 31st, 2022

Statement outlining results, risks and significant changes in operations, personnel and programs

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Introduction

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Directive on Accounting Standards, GC 4400 Departmental Quarterly Financial Report. This quarterly financial report should be read in conjunction with the [2022–23 Main Estimates](#).

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

Mandate

The National Security and Intelligence Review Agency (NSIRA) is an independent external review body that reports to Parliament. Established in July 2019, NSIRA is responsible for conducting reviews of the Government of Canada's national security and intelligence activities to ensure that they are lawful, reasonable and necessary. NSIRA also hears public complaints regarding key national security agencies and their activities.

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A summary description NSIRA's program activities can be found in [Part II of the Main Estimates](#). Information on [NSIRA's mandate](#) can be found on its website.

Basis of presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the agency's spending authorities granted by Parliament and those used by the agency, consistent with the 2022–23 Main Estimates. This quarterly report has been prepared using a special-purpose financial reporting framework (cash basis) 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 authorities for specific purposes.

Highlights of the fiscal quarter and fiscal year-to-date results

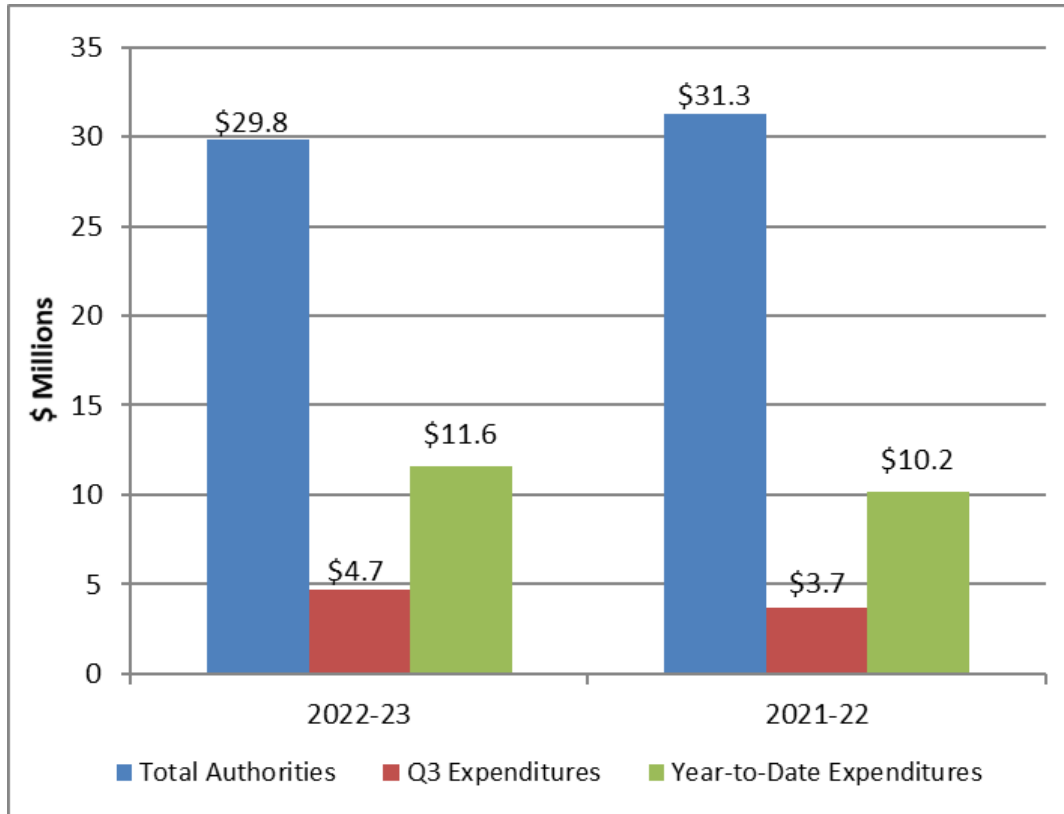
This section highlights the significant items that contributed to the net increase or decrease in authorities available for the year and actual expenditures for the quarter ended December 31st, 2022.

NSIRA spent approximately 39% of its authorities by the end of the third quarter, compared with 33% in the same quarter of 2021–22 (see graph 1).

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Graph 1: Comparison of total authorities and total net budgetary expenditures, Q3 2022–23 and Q3 2021–22



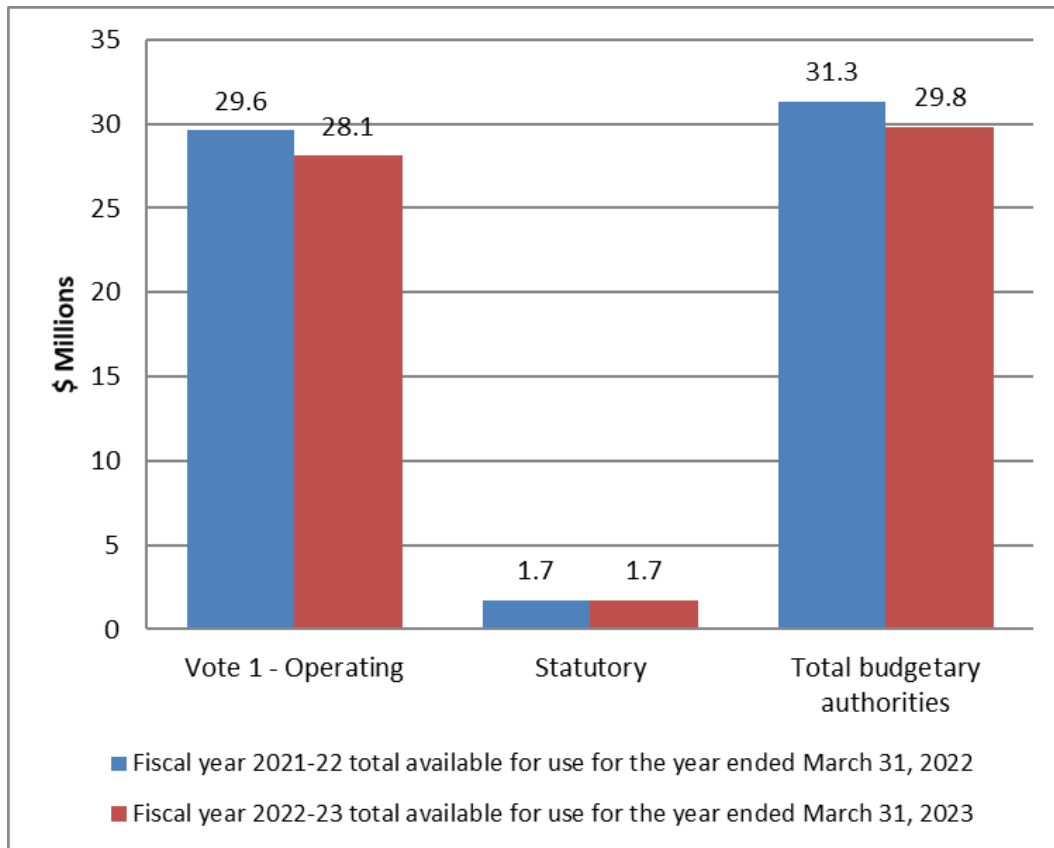
Significant changes to authorities

As at December 31, 2022, Parliament had approved \$29.8 million in total authorities for use by NSIRA for 2022–23 compared with \$31.3 million as of December 31st, 2021, for a net decrease of \$1.5 million or 4.8% (see graph 2).

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Graph 2: Variance in authorities as at December 31, 2022



Details may not sum to totals due to rounding

The decrease of \$1.5 million in authorities is mostly explained by a gradual reduction in NSIRA's ongoing operating funding.

Significant changes to quarter expenditures

The third quarter expenditures totalled \$4.7 million for an increase of \$1.0 million (26%) when compared with \$3.7 million spent during the same period in 2021–2022. Table 1 presents budgetary expenditures by standard object.

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Table 1

| Variations in expenditures by standard object (in thousands of dollars) | Fiscal year 2022-23: expended during the quarter ended December 31, 2022 | Fiscal year 2021-22: expended during the quarter ended December 31, 2021 | Variance \$ | Variance % |
|---|---|---|--------------------|-------------------|
| Personnel | 2,503 | 2,654 | (151) | (6%) |
| Transportation and communications | 82 | 93 | (11) | (12%) |
| Information | 4 | 24 | (20) | (83%) |
| Professional and special services | 1,271 | 404 | 867 | 215% |
| Rentals | 83 | 64 | 19 | 30% |
| Repair and maintenance | 685 | 398 | 287 | 72% |
| Utilities, materials and supplies | 21 | 13 | 8 | 62% |
| Acquisition of machinery and equipment | 2 | 72 | (70) | (97%) |
| Other subsidies and payments | 17 | (21) | 38 | (181%) |
| Total gross budgetary expenditures | 4,668 | 3,701 | 967 | 26% |

**Details may not sum to totals due to rounding*

Information

The decrease of \$20,000 is explained by a decrease in the use of communications consultants.

Professional and special services

The increase of \$867,000 is explained by the timing of payment for NSIRA's internal support services agreement with the Privy Council Office. In fiscal year 2021-2022 most of the payments went through in the fourth quarter however in fiscal year 2022-2023, most of the payments went through in the third quarter.

Repair and maintenance

The increase of \$287,000 is due to fit-up costs for one large infrastructure project that ramped up in 2022-2023.

Acquisition of machinery and equipment

The decrease of \$70,000 is explained by several one-time computer equipment and storage solution purchases in fiscal year 2021-2022.

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Other subsidies and payments

The increase of \$38,000 is explained by an increase in payroll system overpayments.

Significant changes to year-to-date expenditures

The year-to-date expenditures totalled \$11.6 million for an increase of \$1.4 million (14%) when compared with \$10.2 million spent during the same period in 2021–22. Table 2 presents budgetary expenditures by standard object.

Table 2

| Variations in expenditures by standard object (in thousands of dollars) | Fiscal year 2022-23: year-to-date expenditures as of December 31, 2022 | Fiscal year 2021-22: year-to-date expenditures as of December 31, 2021 | Variance \$ | Variance % |
|---|---|---|--------------------|-------------------|
| Personnel | 7,751 | 7,407 | 344 | 5% |
| Transportation and communications | 196 | 130 | 66 | 51% |
| Information | 9 | 41 | (32) | (78%) |
| Professional and special services | 2,695 | 1,440 | 1,255 | 87% |
| Rentals | 132 | 81 | 51 | 63% |
| Repair and maintenance | 749 | 611 | 138 | 23% |
| Utilities, materials and supplies | 49 | 25 | 24 | 96% |
| Acquisition of machinery and equipment | 15 | 446 | (431) | (97%) |
| Other subsidies and payments | 18 | 19 | (1) | (5%) |
| Total gross budgetary expenditures | 11,614 | 10,200 | 1,414 | 14% |

Details may not sum to totals due to rounding

Transportation and communications

The increase of \$66,000 is due to increased travel, as travel restrictions due to COVID-19 are no longer in place in Canada.

Information

The decrease of \$32,000 is explained by a decrease in the use of communications consultants and electronic subscriptions.

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Professional and special services

The increase of \$1,255,000 is mainly due to increases in information technology support services by the Communications Security Establishment (\$173K), and more advanced billing for Internal Support Services by the Privy Council Office (\$722K).

Rentals

The increase of \$51,000 is mainly explained by the purchase of Visio Pro, Project Pro, and FoxIT software licenses in 2022-2023.

Repair and maintenance

The increase of \$138,000 is due to fit-up costs for one large infrastructure project that ramped up in 2022-2023.

Acquisition of machinery and equipment

The decrease of \$431,000 is mainly explained by several one-time computer equipment purchases made in the first and second quarter of 2021-2022.

Risks and uncertainties

The ability of NSIRA to access the information it needs to conduct its reviews and complaints investigations is closely tied to the capacity of the reviewed or investigated departments and agencies to respond to NSIRA's demands. While most pandemic constraints have subsided, there continues to be recruitment challenges in a tight labour market. To address this challenge, NSIRA is experimenting with hybrid workplace approaches, launching internal career development programs and focusing on onboarding practices to attract and retain talent.

NSIRA is closely monitoring pay transactions to identify and address over and under payments in a timely manner and continues to apply ongoing mitigating controls.

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Mitigation measures for the risks outlined above have been identified and are factored into NSIRA's approach and timelines for the execution of its mandated activities.

Significant changes in relation to operations, personnel and programs

There have been no new Governor-in-Council appointments during the third quarter.

There have been no changes to the NSIRA Program.

Approved by senior officials:

John Davies
Executive Director

Ottawa, Canada

Date:

Pierre Souigny
Senior Director, Corporate Services,
Chief Financial Officer

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Appendix

Statement of authorities (unaudited)

| <i>(in thousands of dollars)</i> | Fiscal year 2022–23 | | | Fiscal year 2021–22 | | |
|---|---|---|----------------------------------|---|---|----------------------------------|
| | Total available for use for the year ending March 31, 2023 (note 1) | Used during the quarter ended December 30, 2022 | Year to date used at quarter-end | Total available for use for the year ending March 31, 2022 (note 1) | Used during the quarter ended December 30, 2021 | Year to date used at quarter-end |
| Vote 1 – Net operating expenditures | 28,063 | 4,236 | 10,318 | 29,615 | 3,275 | 8,922 |
| Budgetary statutory authorities | | | | | | |
| Contributions to employee benefit plans | 1,728 | 432 | 1,296 | 1,705 | 426 | 1,278 |
| Total budgetary authorities (note 2) | 29,791 | 4,668 | 11,614 | 31,319 | 3,701 | 10,200 |

Note 1: Includes only authorities available for use and granted by Parliament as at quarter-end.

Note 2: Details may not sum to totals due to rounding.

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Departmental budgetary expenditures by standard object (unaudited)

| <i>(in thousands of dollars)</i> | Fiscal year 2022–23 | | | Fiscal year 2021–22 | | |
|--|--|---|----------------------------------|---|---|----------------------------------|
| | Planned expenditures for the year ending March 31, 2022 (note 1) | Expended during the quarter ended December 30, 2021 | Year-to-date used at quarter-end | Planned expenditures for the year ending March 31, 2021 | Expended during the quarter ended December 30, 2020 | Year-to-date used at quarter-end |
| Expenditures | | | | | | |
| Personnel | 13,389 | 2,503 | 7,751 | 13,222 | 2,654 | 7,407 |
| Transportation and communications | 597 | 82 | 196 | 673 | 93 | 130 |
| Information | 372 | 4 | 9 | 375 | 24 | 41 |
| Professional and special services | 4,902 | 1,271 | 2,695 | 7,029 | 404 | 1,440 |
| Rentals | 271 | 83 | 132 | 188 | 64 | 81 |
| Repair and maintenance | 9,722 | 685 | 749 | 8,737 | 398 | 611 |
| Utilities, materials and supplies | 173 | 21 | 49 | 103 | 13 | 25 |
| Acquisition of machinery and equipment | 232 | 2 | 15 | 991 | 72 | 446 |
| Other subsidies and payments | 133 | 17 | 18 | 0 | (21) | 19 |
| Total gross budgetary expenditures (note 2) | 29,791 | 4,668 | 11,614 | 31,319 | 3,701 | 10,200 |

Note 1: Includes only authorities available for use and granted by Parliament as at quarter-end.

Note 2: Details may not sum to totals due to rounding.