

Natural Sciences and Engineering Research Council of Canada
Quarterly Financial Report
For the Quarter Ended September 30, 2022

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

1. Introduction

This Quarterly Financial Report (QFR) has been prepared by management as required by section 65.1 of the [Financial Administration Act](#) (FAA) and in the form and manner prescribed by the Treasury Board. It should be read in conjunction with the 2022–23 [Main Estimates](#) and [Supplementary Estimates \(A\)](#). This report has not been subject to an external audit or review.

1.1 Authority, mandate and programs

The Natural Sciences and Engineering Research Council of Canada (NSERC) was established in 1978 by the *Natural Sciences and Engineering Research Council Act* and is a departmental corporation named in Schedule II of the FAA. NSERC's purpose is to help make Canada a country of discoverers and innovators for the benefit of all Canadians, by supporting post-secondary students and postdoctoral fellows in their advanced studies, funding the research programs of academic researchers, and stimulating partnerships between academia and industry.

Further information on the NSERC mandate and program activities can be found in [Part II of the Main Estimates](#).

1.2 Basis of presentation

Management prepared this quarterly report using an expenditure basis of accounting. The accompanying statement of authorities includes NSERC's spending authorities granted by Parliament and those used by the agency, consistent with the Main Estimates and Supplementary Estimates (A) for the fiscal year 2022–23. This quarterly 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.

The authority of Parliament is required before the Government of Canada can spend money. 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.

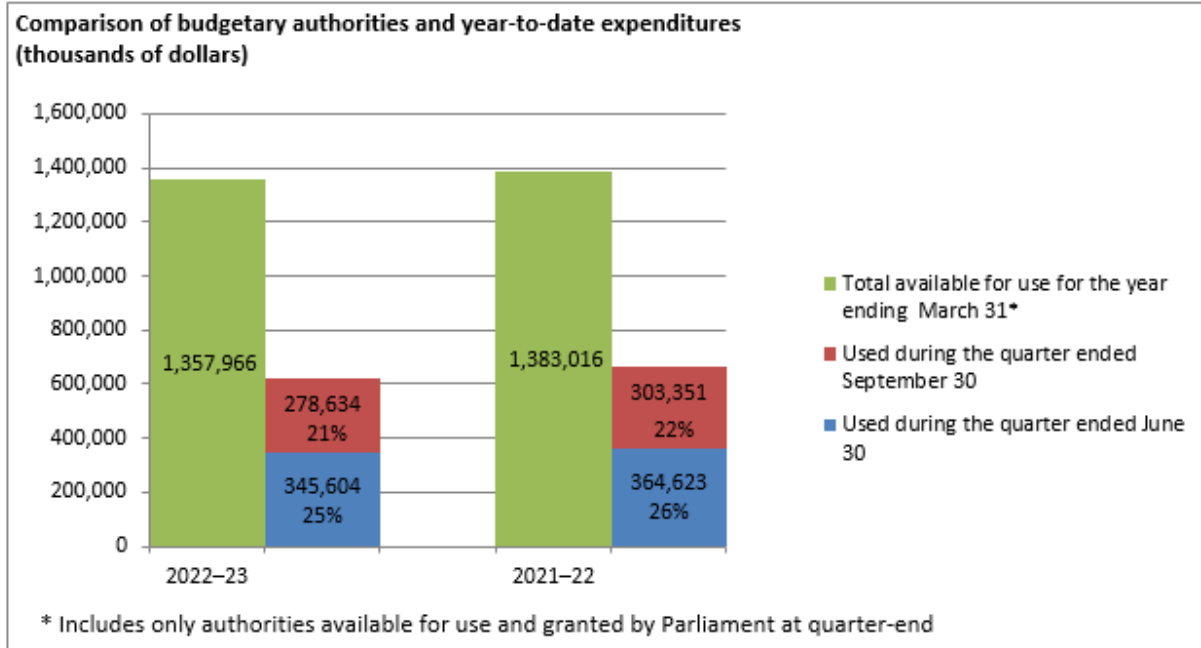
NSERC uses the full accrual method of accounting to prepare and present its annual financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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

This section highlights the significant items that contributed to the change in resources available for the fiscal year, as well as the actual year-to-date expenditures compared with the previous fiscal year.

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The following graph provides a comparison of budgetary authorities available for the full fiscal year and budgetary expenditures by quarter for the fiscal year 2022–23 and the fiscal year 2021–22.



2.1 Significant changes to budgetary authorities

As of September 30, 2022, NSERC’s total available authorities for the fiscal year 2022–23 amounted to \$1.36 billion. This represents an overall decrease of \$25.1 million (2%) from the comparative period in the previous year. The major changes in NSERC’s budgetary authorities between the current and previous fiscal years include:

- a decrease of \$28.6 million for the Canada First Research Excellence Fund for which funding renewal will be sought
- an increase of \$22.0 million in College and Community Innovation programs for funding to support applied research partnerships, as announced in Budget 2021
- a decrease of \$21.7 million related to the gradual transfer of the Centres of Excellence for Commercialization and Research program and the Business-Led Networks of Centres of Excellence program to ISED under the Strategic Innovation Fund, as per Budget 2018 announcement
- an increase of \$5.8 million for grants and scholarships for fundamental research, as announced in Budget 2018
- a decrease of \$1.7 million for the Canada Excellence Research Chairs program in accordance with the program’s design and delivery schedule as renewed in Budget 2019 and planned for sun-setting by 2023–24
- a decrease of \$0.8 million relating to the difference in the Operating Budget Carry Forward, where NSERC received \$2.7 million in fiscal year 2021–22 as opposed to the \$1.9 million received in fiscal year 2022–23

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2.2 Significant changes to authorities used

Year-to-date spending

The following table provides a comparison of cumulative spending by vote for the current and previous fiscal years.

Year-to-date budgetary expenditures used at quarter end

(millions of dollars)

	2022–23	2021–22	Variance
Vote 1—Operating expenditures			
Personnel (includes contributions to EBP)	27.6	30.5	(2.9)
Non-personnel	3.5	4.0	(0.5)
Vote 5—Grants and scholarships	593.1	633.5	(40.4)
Total budgetary expenditures	624.2	668.0	(43.8)

Total budgetary expenditures amounted to \$624.2 million at the end of the second quarter of the fiscal year 2022–23, compared to \$668.0 million reported in the same period in the previous fiscal year.

Grants and scholarships

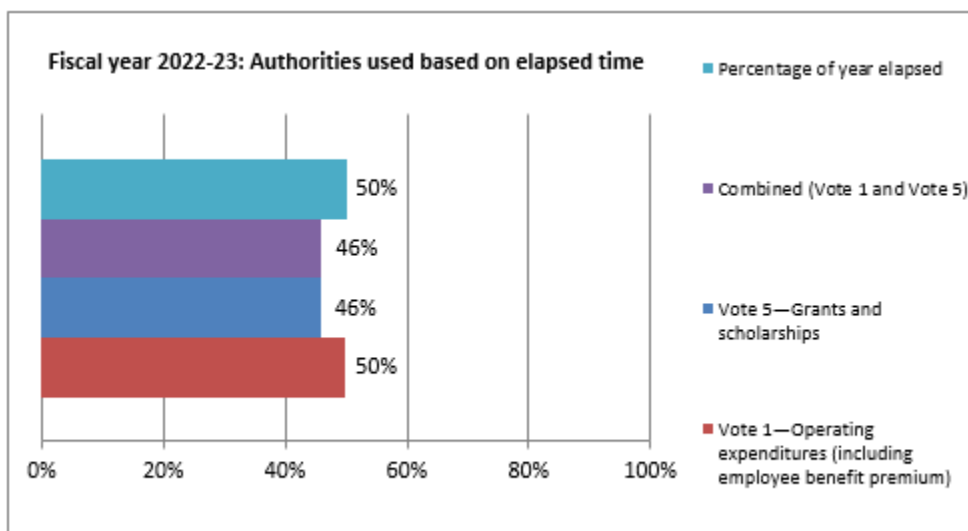
At the end of the second quarter of 2022–23, the grants and scholarship expenses decreased by \$40.4 million, compared to those reported in the same period of the previous fiscal year. The decrease in spending corresponds in part to the decreases in budgetary authorities for the Canada First Research Excellence Fund, the Centres of Excellence for Commercialization and Research program, and the Business-Led Networks of Centres of Excellence program, and in part to the timing of other award payments.

Operating expenditures

Personnel expenditures (including contributions to employee benefit plans [EBP]) have decreased by \$2.9 million compared to the same period of the previous year, mainly due to the implementation of the new terms and conditions of employment in the prior year (September 2021) and related clauses relative to salary increase and retroactive payments.

Total non-personnel expenditures at the end of the second quarter of fiscal 2022–23 have decreased by \$0.5 million compared to the same period of the previous year. Professional and special services expenses decreased due to lower usage of management consulting services, while there was an increase in the acquisition of machinery and equipment expenditures related to the Workplace Renewal project launched during 2020–21 in partnership with the Social Sciences and Humanities Research Council (SSHRC). Please see the Departmental budgetary expenditures by standard object table in section 6 for additional details.

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The total authorities used at the end of the second quarter (\$624.2 million) of the fiscal year 2022–23 represent 46% of total available authorities (\$1.36 billion).

Quarterly spending

The total authorities used during the second quarter of 2022–23 amounted to \$278.6 million, which represents 21% of the total available authorities, 20% of the total authorities for grant and scholarship programs, and 26% of the total authorities for operating expenditures and employee benefits.

Budgetary expenditures used during the second quarter

(millions of dollars)

Vote 1—Operating expenditures

Personnel (includes contributions to EBP)

Non-personnel

Vote 5—Grants and scholarships

Total budgetary expenditures

	2022–23	2021–22	Variance
Personnel (includes contributions to EBP)	14.5	18.5	(4.0)
Non-personnel	2.0	2.2	(0.2)
Vote 5—Grants and scholarships	262.1	282.6	(20.5)
Total budgetary expenditures	278.6	303.3	(24.7)

Grants and scholarships

Transfer payments represent 95% of NSERC’s available authorities. Variances in transfer payments stem from the nature of program cycles. During the second quarter of 2022–23, NSERC’s transfer payment expenditures decreased by \$20.5 million compared to the same quarter of the previous fiscal year. The decrease in spending corresponds in part to the decreases in budgetary authorities for the Canada First Research Excellence Fund, the Centres of Excellence for Commercialization and Research program and the Business-Led Networks of Centres of Excellence program, and in part to the timing of other award payments.

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Operating expenditures

Personnel expenditures (including contributions to EBP) for the second quarter of fiscal 2022–23 have decreased by \$4.0 million compared to the same quarter of the previous year, mainly due to the implementation of the new terms and conditions of employment in the prior year (September 2021) and related clauses relative to salary increase and retroactive payments.

Total non-personnel expenditures as of the second quarter of fiscal 2022–23 have remained largely in line with expenses incurred during the same period of the previous fiscal year, with some variances attributed to the acquisition of machinery and equipment and professional services as previously explained under the Year-to-date spending section of this report. Please see the Departmental budgetary expenditures by standard object table in section 6 for additional details.

3. Risks and uncertainties

NSERC produces an annual Corporate Risk Profile that includes corporate risks along with risk levels and mitigation activities. NSERC has linked corporate risk management with its integrated planning process to ensure greater cohesion and executive oversight in the delivery of its mandate.

The 2022–23 risk assessment exercise provided NSERC with the level of insight required to properly respond to risk, through the allocation of resources, both human and financial, and through the prioritization of activities. Senior management closely monitors the following three key risks for 2022–23:

- i. **IT modernization:** There is a risk that NSERC's aging information technology and support services will negatively impact operations and ability to deliver on core mandate.
- ii. **Business disruption:** There is a risk that unforeseen events, such as pandemics, cyber-security attacks and/or social unrest could adversely impact NSERC's ability to continue its day-to-day operations.
- iii. **Change management:** There is a risk that NSERC will not be able to effectively manage change in a rapidly evolving and demanding environment.

4. Significant changes related to operations, personnel and programs

Following months of information gathering and consultations with a broad range of stakeholders, NSERC launched its next long-term strategic plan, NSERC 2030: Discovery, innovation, inclusion. This plan presents a vision for an agile agency that is steadfast in its support for investigator-driven discovery research while enabling quick responses to emerging Canadian research priorities. Through NSERC 2030, NSERC will help transform Canada into a global sustainability leader with a robust innovation economy and a dynamic research culture that benefits everyone.

Dr. Danika Goosney left NSERC, being appointed the new President of the Canadian Museum of Nature. During her tenure at NSERC, Dr. Goosney provided a guiding vision to help the organization expand and increase the impact of Canadian scientists and engineers. She raised the profile of NSERC's support for

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women and girls in science; solidified NSERC's commitments to equity, diversity, and inclusivity within its community; and delivered the largest Discovery Grants competitions in NSERC's history.

Dr. Marc Fortin was appointed as NSERC's Vice-President, Research Grants and Scholarships (RGS), effective August 22, 2022. Prior to this appointment, Dr. Fortin had been Vice-President of NSERC's Research Partnerships (RP) directorate since October 2017, leading the charge on major program transformations including the implementation of the Alliance grants and the evolution of the College and Community Innovation program. Manal Bahubeshi, Associate Vice-President, RP, will assume the acting role of Vice-President, RP. Manal has been with NSERC since fall 2020 and played an important role in implementing the National Security Guidelines for Research Partnerships and NSERC's support of the National Quantum Strategy.

Dr. Robin Craig was appointed to the RGS team this summer as the new Associate Vice-President (AVP). Dr. Craig brings a wealth of knowledge and experience in research and innovation at post-secondary institutions.

On July 18, 2022, Samantha Rahim was appointed as NSERC's new Chief Information Officer, Deputy Security Officer and Director General of the Information and Innovation Solutions (IIS) division, bringing a wealth of transformation and information technology experience.

To continue ensuring that NSERC's program offerings, policies and strategic initiatives are internationally competitive and impactful, NSERC will be piloting a new initiative, the Scholar in Residence program. The role of the Scholar in Residence will be to contribute fresh and innovative perspectives from a researcher's lens on NSERC's programs, policies and processes to support NSERC's mandate. The Scholar in Residence will likewise learn from NSERC administration on elements of program design and policy from a public service perspective. NSERC has signed an agreement with the Toronto Metropolitan University to onboard Dr. Imogen Coe as the inaugural Scholar in Residence.

In late August, Public Services and Procurement Canada (PSPC) officially handed to NSERC, in partnership with SSHRC, the keys to their new headquarters at 125 Zaida Eddy Private, which was an important milestone in the Workplace Renewal project. The handover allowed NSERC to begin the commissioning of this new office space in preparation for occupancy later this fiscal year.

Approved by:

Dr. Alejandro Adem, FRSC
President

Dominique Osterrath
Vice-President and
Chief Financial Officer

Ottawa, Canada
November 29, 2022

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5. Statement of authorities (unaudited)

	Fiscal year 2022–23			Fiscal year 2021–22		
	Total available for use for the year ending March 31, 2023*	Used during the quarter ended September 30, 2022	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2022*	Used during the quarter ended September 30, 2021	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
Vote 1—Operating expenditures	56,240	14,948	28,098	55,532	19,292	31,644
Vote 5—Grants and scholarships	1,295,369	262,147	593,063	1,321,627	282,640	633,491
Budgetary statutory authorities						
Contributions to the employee benefit plan	6,154	1,539	3,077	5,678	1,419	2,839
Spending of revenues pursuant to subsection 4 (2) of the <i>Natural Sciences and Engineering Research Council Act</i>	203	-	-	179	-	-
Total budgetary authorities	1,357,966	278,634	624,238	1,383,016	303,351	667,974

* Includes only authorities available for use and granted by Parliament at quarter-end.

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6. Departmental budgetary expenditures by standard object (unaudited)

	Fiscal year 2022–23			Fiscal year 2021–22		
	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended September 30, 2022	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended September 30, 2021	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
<u>Expenditures</u>						
Personnel	47,238	14,522	27,648	44,189	18,483	30,509
Transportation and communications	621	143	202	1,157	76	178
Information	4,507	197	331	1,012	223	394
Professional and special services	7,843	1,252	1,946	6,777	1,406	2,402
Rentals	1,276	213	579	723	221	590
Repair and maintenance	114	10	66	145	36	96
Utilities, materials and supplies	82	-	52	145	(13)	32
Acquisition of machinery and equipment	916	151	351	7,241	279	282
Transfer payments	1,295,369	262,146	593,063	1,321,627	282,640	633,491
Total budgetary expenditures	1,357,966	278,634	624,238	1,383,016	303,351	667,974