

**Natural Sciences and Engineering Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended September 30, 2023**

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**Statement outlining the 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 2023–24 [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 2023–24. 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.

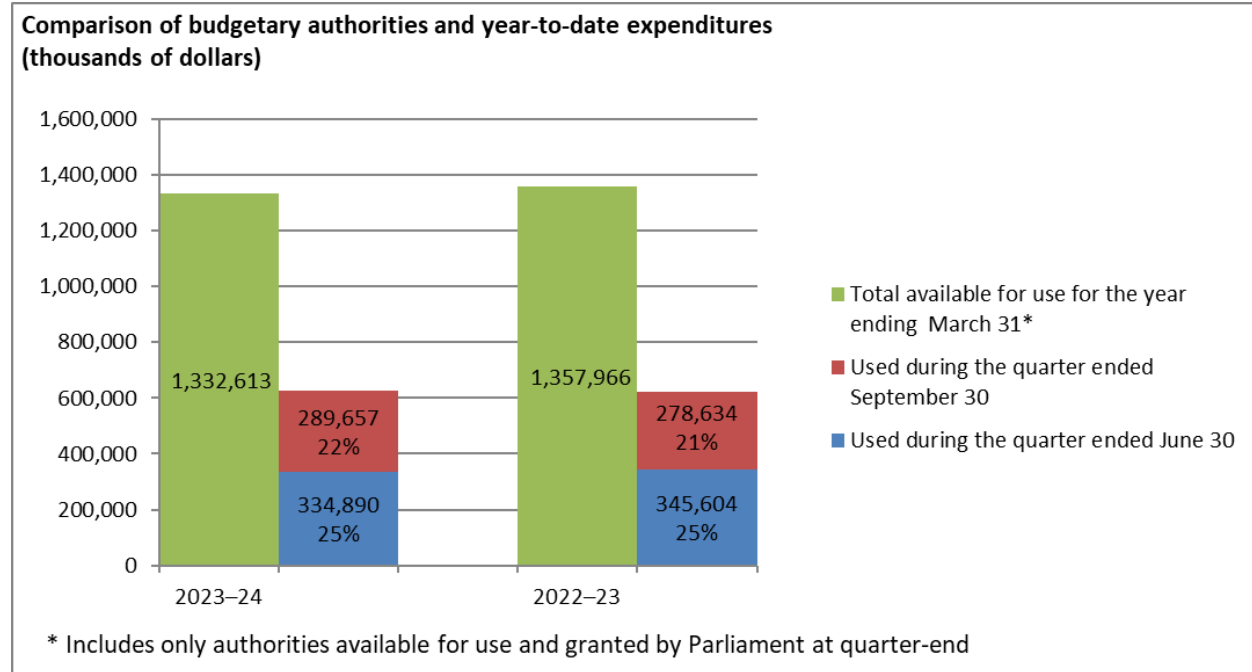
NSERC uses the full accrual method of accounting to prepare and present its annual financial statements that are part of the departmental results reporting process. However, the spending authorities voted on by Parliament remain on an expenditure basis.

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**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.

The following graph provides a comparison of budgetary authorities available for the full fiscal year and budgetary expenditures by quarter for the fiscal year 2023–24 and the fiscal year 2022–23.



**2.1 Significant changes to budgetary authorities**

As of September 30, 2023, NSERC’s total available authorities for the fiscal year 2023–24 amounted to \$1.333 billion. This represents an overall decrease of \$25.4 million (1.9%) from the same period in the previous year. It should be noted that NSERC will pursue renewal of sunsetting funding where appropriate. The major changes in NSERC’s budgetary authorities between the current and previous fiscal years include the following:

- a decrease of \$24.2 million in grants and \$1.1 million in the operating fund for the sunsetting funding related to the College and Community Innovation program
- an increase of \$12.3 million for grants and scholarships to implement several Budget 2021 measures: launching the National Quantum Strategy, supporting agriculture and agri-food innovation in a net-zero economy, academic research on small modular reactors, and delivering Discovery Grant supplements
- a decrease of \$12.0 million from the 2015–16 Canada First Research Excellence Fund competition
- a decrease of \$10.9 million related to the gradual transfer of 2 programs (the Centres of Excellence for Commercialization and Research, and the Business-Led Networks of Centres of Excellence) to ISED under the Strategic Innovation Fund, as per the Budget 2018 announcement, which also included sunsetting the Networks of Centres of Excellence program

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- an increase of \$10.7 million for the Canadian post-secondary institutions that were successful in the 2022 Canada Excellence Research Chairs competition
- an increase of \$1.5 million for the adjusted distribution of the Canada Graduate Scholarships between the 3 granting agencies
- a decrease of \$0.98 million in operating funds due to sunsetting of the Equity, Diversity and Inclusion initiative from Budget 2018

## 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)

	2023–24	2022–23	Variance
<b>Vote 1—Operating expenditures</b>			
Personnel (includes contributions to EBP)	27.7	27.6	0.1
Non-personnel	3.2	3.5	(0.3)
<b>Vote 5—Grants and scholarships</b>	593.7	593.1	0.6
<b>Total budgetary expenditures</b>	<b>624.6</b>	<b>624.2</b>	<b>0.4</b>

Total budgetary expenditures amounted to \$624.6 million at the end of the second quarter of fiscal year 2023–24, compared to \$624.2 million reported in the same period in the previous fiscal year.

### Grants and scholarships

At the end of the second quarter of 2023–24, grant and scholarship expenses increased by \$0.6 million compared to those reported in the same period of the previous fiscal year. The increase in spending corresponds to 3 factors: first, there were decreases in the budgetary authorities for the Canada First Research Excellence Fund and the Canada Research Chairs. Also, sunsetting programs such as the Centres of Excellence for Commercialization and Research and the Business-Led Networks of Centres of Excellence programs. Second, there were increases in the budgetary authorities for grants and scholarships due to additional support for Black Scholars and Indigenous Students, launching the National Quantum Strategy, supporting agriculture and agri-food innovation in a net-zero economy, academic research on small modular reactors, Canada Excellence Research Chairs, and Canada Graduate Scholarships. Third, there was the timing of other award payments.

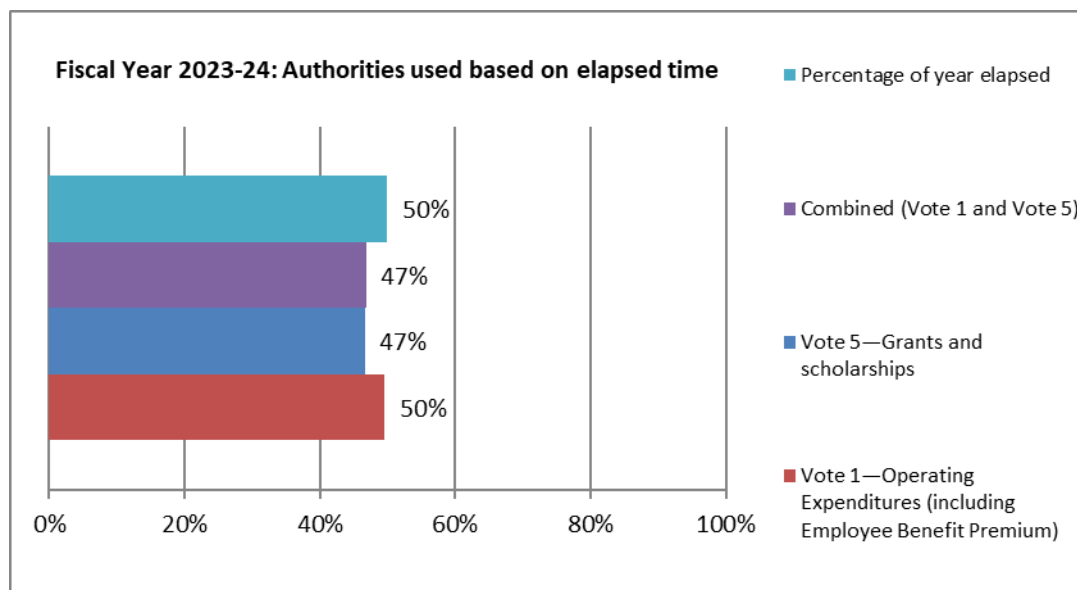
### Operating expenditures

Personnel expenditures, which include contributions to employee benefit plans, have remained largely in line with the comparative period of the previous fiscal year.

Total non-personnel expenditures as of the second quarter of fiscal year 2023–24 have decreased compared to the same period of the previous year. There was a decrease in expenditures for professional and special services, mainly due to a decrease in management consulting services, which offset the

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increase in information technology and telecommunications expenditures, as well as information expenditures, primarily due to lower usage of communications services. This was partially offset by an increase in transportation and communications expenditures following the removal of all pandemic restrictions, which allowed for the resumption of travel and in-person activities. Please see the Departmental budgetary expenditures by standard object table in section 6 for additional details.



The total authorities used at the end of the second quarter (\$624.6 million) of the fiscal year 2023–24 represent 47% of total available authorities (\$1.333 billion).

### Quarterly spending

The total authorities used during the second quarter of 2023–24 amounted to \$289.7 million, which represents 22% of the total available authorities, 21% of the total authorities for grant and scholarship programs, and 27% 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)

14.4      14.5      (0.1)

Non-personnel

2.3      2.0      0.3

#### **Vote 5—Grants and scholarship**

273.0      262.1      10.9

#### **Total budgetary expenditures**

**289.7      278.6      11.1**

### 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 2023–24, NSERC's transfer payment expenditures increased by \$10.9 million compared to the same quarter of the previous fiscal year. The

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increase in spending corresponds in part to the increase in budgetary authorities for grants and scholarships for launching the National Quantum Strategy, supporting agriculture and agri-food innovation in a net-zero economy, and academic research on small modular reactors, the Canada Excellence Research Chairs and Canada Graduate Scholarships, and in part to the timing of other award payments.

**Operating expenditures**

Personnel expenditures, which include contributions to employee benefit plans, have remained largely in line with the comparative period of the previous fiscal year.

Total non-personnel expenditures as of the second quarter of fiscal 2023–24 have increased compared to the same period of the previous year. There was an increase in expenditures of acquisition of machinery and equipment driven by the increased expenses of information technology services and of transportation and communications expenditures due to the removal of all pandemic restrictions, which allowed for the resumption of travel and in-person activities. This was partially offset by a decrease in information expenditures due to lower usage of communications services. 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 key 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 2023–24 risk assessment exercise provided 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 2023–24:

- i.** Legacy IT landscape – The risk that NSERC’s legacy technology landscape (applications, infrastructure) will be unable to respond to the Agency’s current & evolving business needs, protect against cyber threats, and address the needs of the Canadian Research Community.
- ii.** Financial/resources management – The risk that multiple organizational pressures combined with external factors and funding compressions will stretch the organization’s limited resources (financial, human, technological) and impede NSERC’s capacity to efficiently allocate resources to support core activities, priorities or emerging needs.
- iii.** Transitions and adaptation to change – There is a risk that NSERC will not be able to effectively manage, and respond to, change and transformation in a rapidly evolving and demanding environment, including the adoption of a new hybrid work model, and the continuing addition of new priorities, imposed by factors both internal and external.

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**4. Significant changes related to operations, personnel and programs**

On July 4, Canada's federal research granting agencies—NSERC, the [Canadian Institutes of Health Research \(CIHR\)](#), and the [Social Sciences and Humanities Research Council of Canada \(SSHRC\)](#)—announced a review of the [Tri-Agency Open Access \(OA\) Policy on Publications](#) (OA Policy), with the goal of requiring that any peer-reviewed journal publications arising from agency-supported research be freely available, without subscription or fee, at the time of publication. The renewed OA Policy will be released by the end of 2025.

In July 2023 Dr. Mark Green was appointed in the advisory position of Scholar in Residence from 2023 to 2025. Dr. Green is a professor of civil engineering at Queen's University, where he focuses on research related to structural performance in fire of concrete structures, applications of fibre reinforced polymers (FRPs) in structures, and sustainable materials. Dr. Green also focuses on best practices for implementing sustainable engineering projects in partnership with Indigenous communities. In his role as Scholar in Residence, Dr. Green will provide NSERC with unique and novel viewpoints from an Indigenous researcher perspective on NSERC's programs, policies and processes. This significant guidance will contribute to the goal of using research as a tool to advance reconciliation with Indigenous rightsholders, including Inuit, First Nations and Métis communities.

Robbyn Plumb joined Research Partnerships as Associate Vice-President, effective July 10. She began her career at SSHRC working in the evaluation and statistics group and four years later moved into policy and international relations at NSERC. Since 2004, Robbyn has been with ISED holding various positions with progressive responsibility in the science and innovation policy space, including the Prime Minister's Advisory Council on Science and Technology and the Science and Research Sector. She spent four years on an interchange at the Canada Foundation for Innovation (CFI). She managed CFI's Innovation Fund where she collaborated with NSERC on the Automotive Partnership Canada initiative. She is a devoted advocate for children and youth with developmental disabilities, currently serving on the Board of Children at Risk.

Budget 2023 proposed reducing spending on consulting, travel and other professional services, by roughly 15% of planned 2023-24 spending by 2024-25, beginning in 2023-24, and reducing eligible departments and agencies' spending by 3% by 2026-27 beginning in 2024-25. NSERC is revising its spending plans in alignment with the guidance provided by the Treasury Board Secretariat and Department of Finance, and is committed to managing the intended annual targets' savings and continue to build on its existing efforts to appropriately reduce those expenditures.

The Direction on hybrid work at NSERC entered into effect on July 1st, implementing a common hybrid-work model, of remote working up to three days per week (i.e., minimum of two days per week on site).

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Approved by:

**Prof. Alejandro Adem, FRSC  
President**

**Dominique Osterrath  
Vice-President and  
Chief Financial Officer**

**Ottawa, Canada  
November 29, 2023**

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**5. Statement of authorities (unaudited)**

	Fiscal year 2023–24			Fiscal year 2022–23		
	Total available for use for the year ending March 31, 2024*	Used during the quarter ended September 30, 2023	Year-to-date used at quarter-end	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
<i>(in thousands of dollars)</i>						
Vote 1—Operating expenditures	54,968	15,103	27,678	56,240	14,948	28,098
Vote 5—Grants and scholarships	1,270,836	272,946	593,653	1,295,369	262,147	593,063
Budgetary statutory authorities						
Contributions to the employee benefit plan	6,606	1,608	3,217	6,154	1,539	3,077
Spending of revenues pursuant to subsection 4 (2) of the <i>Natural Sciences and Engineering Research Council Act</i>	203	-	-	203	-	-
<b>Total budgetary authorities</b>	<b>1,332,613</b>	<b>289,657</b>	<b>624,548</b>	<b>1,357,966</b>	<b>278,634</b>	<b>624,238</b>

\* 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 2023–24			Fiscal year 2022–23		
	Planned expenditures for the year ending March 31, 2024	Expended during the quarter ended September 30, 2023	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended September 30, 2022	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
<b><u>Expenditures</u></b>						
Personnel	49,602	14,408	27,675	47,238	14,522	27,648
Transportation and communications	2,858	304	380	621	143	202
Information	1,171	96	136	4,507	197	331
Professional and special services	4,958	1,175	1,740	7,843	1,252	1,946
Rentals	1,388	307	487	1,276	213	579
Repair and maintenance	122	37	40	114	10	66
Utilities, materials and supplies	242	29	77	82	-	52
Acquisition of machinery and equipment	1,436	358	363	916	151	351
Other subsidies and payments	-	(3)	(3)	-	-	-
Transfer payments	1,270,836	272,946	593,653	1,295,369	262,146	593,063
<b>Total budgetary expenditures</b>	<b>1,332,613</b>	<b>289,657</b>	<b>624,548</b>	<b>1,357,966</b>	<b>278,634</b>	<b>624,238</b>