

Canadian Northern Economic Development Agency

Quarterly Financial Report

For the quarter ended December 31, 2022

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Introduction

The Canadian Northern Economic Development Agency (Agency) works with Northerners, Indigenous groups, communities, businesses, organizations, and other federal departments to help foster long-term economic sustainability in Nunavut, Northwest Territories, and the Yukon. The Agency's programs are summarized in [Part II of the Main Estimates](#).

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 Treasury Board. It should be read in conjunction with the [Main Estimates](#), the [Supplementary Estimates \(A\)](#) and the [Supplementary Estimates \(B\)](#).

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

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 Main Estimates and Supplementary Estimates (B) for the 2022-2023 fiscal year. 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 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 authority for specific purposes.

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

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

A. Changes to Authorities

This quarterly financial report reflects the results of the current fiscal period compared to the authorities provided in the Main Estimates, Supplementary Estimates (A) and Supplementary Estimate (B) for the fiscal year 2022-2023, as well as budget adjustments approved by the Treasury Board up to December 31, 2022.

Total authorities available for spending in the third quarter of the fiscal year 2022-2023 were \$109.1 million compared with \$87.5 million at the end of the third quarter of 2021-2022, representing a net increase of \$21.6 million, or 25%. This variance is primarily attributable to funding received to administer Budget 2021 programs, such as the Tourism Relief Fund, the Jobs and Growth Fund and the Canada Community Revitalization Fund, a one-year extension for the Northern Adult Basic Education Program, and the Northern Indigenous Economic Opportunities Program.

The following table compares total authorities by vote at the end of the third quarter of the current fiscal year and the previous fiscal year.

Comparison of Authorities Available for Spending as at December 31 of Fiscal Years 2021-2022 and 2022-2023

Authorities available (in thousands of dollars)	2021-2022	2022-2023	Variance
Vote 1 – Operating Expenditures	21,094	23,123	2,029
Vote 10 – Grants and Contributions	64,438	83,751	19,313
Statutory	1,970	2,257	287
Total Authorities	87,502	109,131	21,629

B. Changes in Year-to-Date Expenditures

At the end of the third quarter of 2022-2023, total budgetary expenditures for the quarter ended December 31, 2022, were \$13.4 million compared with \$13.9 million reported for the same period of 2021-2022, representing a net decrease of \$0.5 million, or 3%. The decreases in actual spending are mainly attributed to the demand for transfer payments fluctuating from year to year, depending on the timing of the projects and proposals; and the cash flow requirements of approved projects.

Comparison of Year-to-Date Expenditures for the Quarter Ended December 31 of Fiscal Years 2021-2022 and 2022-2023

Authorities available (in thousands of dollars)	2021-2022	2022-2023	Variance
Vote 1 – Operating Expenditures	4,146	4,582	436
Vote 5 – Grants and Contributions	9,256	8,333	(923)
Statutory	491	526	35
Total Authorities	13,893	13,442	(452)

Risks and Uncertainties

The Agency has seen rapid growth with increased funding, growth in programs and services offered, staff, and responsibilities, particularly as a result of the global COVID-19 pandemic. Administrative capacity, corporate services, and governance capacity have not scaled, with the growth in funding and programming placing a significant burden on the Agency's leadership and staff.

To meet the challenge, the Agency developed and maintained a comprehensive Corporate Risk Profile to support risk-based decision-making and was guided by the Treasury Board of Canada Secretariat Guide to Integrated Risk Management and the Canadian Standards Association's ISO 31000. The Agency closely monitors its environment and operations to manage its corporate risks, ensures appropriate mitigation strategies are in place, and allocates and reallocates resources as required. This approach supports effective service delivery, better project management, increased value for money, and ultimately better results for Northerners and Indigenous communities.

As Canada emerges from the pandemic, the Agency will continue to ensure appropriate mitigation strategies are in place to effectively deliver on our mandate.

Significant Changes in Relation to Operations, Personnel and Programs

On November 7, 2022, Sierra van der Meer was appointed Vice President, Pan-Territorial Operations.

Approved by:

Paula Isaak
President

Roger Tetreault, CPA, CMA
Chief Financial Officer

**Statement of Authorities
 (unaudited)**

	Fiscal year 2022-2023			Fiscal year 2021-2022		
	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	23,123	4,582	13,526	21,094	4,146	12,810
Vote 5 - Transfer payments	83,751	8,333	26,548	64,438	9,256	27,451
Budgetary statutory authorities	2,257	526	1,576	1,970	491	1,472
Total authorities	109,131	13,441	41,650	87,502	13,893	41,733

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

**Departmental Budgetary Expenditures by Standard Object
 (unaudited)**

	Fiscal year 2022-2023			Fiscal year 2021-2022		
<i>(in thousands of Dollars)</i>	Planned expenditures for the year ending March 31, 2023	Used during the quarter ended September 30, 2022	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2022	Used during the quarter ended September 30, 2021	Year-to-date used at quarter-end
Expenditures:						
Personnel	17,363	5,587	13,321	15,503	3,668	11,415
Transportation and communications	1,138	36	748	1,081	102	260
Information	111	1	11	104	7	12
Professional and special services	3,479	(182)	499	3,280	343	789
Rentals	2,568	(357)	445	2,417	549	1,476
Repair and maintenance	240	(6)	19	226	3	11
Utilities, materials and supplies	160	8	34	151	23	34
Acquisition of machinery and equipment	321	21	25	302	1	2
Transfer payments	83,751	8,333	26,548	64,438	9,256	27,451
Other subsidies and payments	-	-	-	-	(59)	286
Total budgetary expenditures	109,131	13,441	41,649	87,502	13,893	41,736