



National Research Council Canada

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

Table of contents

1.	Introduction	2
1.1	NRC mandate	2
1.2	Basis of presentation	3
2.	Highlights of fiscal quarter and fiscal year-to-date (YTD) results	3
2.1	Authorities and expenditures	4
2.2	Significant changes to authorities.....	4
2.3	Significant changes to budgetary expenditures.....	5
2.3.1	Variances in year-to-date expenditures.....	6
3.	Risks and uncertainties	6
4.	Significant changes in relation to operations, personnel and programs.....	6
5.	Statement of authorities.....	8
6.	Departmental budgetary expenditures by standard object	9



1. Introduction

The Government of Canada uses financial information to support decision making, for policy development, for service delivery and for historical reference. These financial statements have been prepared to respond to these requirements. This Departmental Quarterly Financial Report (QFR) reflects the results of the current fiscal period in relation to the [Main Estimates](#) and [Supplementary Estimates \(A\)](#). The QFR should be read in conjunction with the Main Estimates, the Federal Budget ([Budget 2016](#), [Budget 2017](#), [Budget 2018](#), [Budget 2019](#) and [Budget 2021](#)) as well as [Canada's COVID-19 Economic Response Plan](#). They have been prepared by management as required by section 65.1 of the [Financial Administration Act \(R.S.C., 1985, c. F-11\)](#) and in the form and manner prescribed by the Treasury Board of Canada Secretariat. Although these statements have not been subject to an external audit or review, the National Research Council of Canada (NRC) attests that they are an accurate and true reflection of the financial position for the period ended September 30, 2021.

1.1 NRC mandate

The NRC exists under the [National Research Council Act \(R.S.C., 1985, c. N-15\)](#) and is a Departmental corporation named in Schedule II of the [Financial Administration Act \(R.S.C., 1985, c. F-11\)](#). The mission of the NRC is to have an impact by advancing knowledge, applying leading-edge technologies, and working with other innovators to find creative, relevant and sustainable solutions to Canada's current and future economic, social and environmental challenges.

Under the [National Research Council Act \(R.S.C., 1985, c. N-15\)](#), the NRC is responsible for:

- undertaking, assisting or promoting scientific and industrial research in fields of importance to Canada
- providing vital scientific and technological services to the research and industrial communities;
- investigating standards and methods of measurement
- working on the standardization and certification of scientific and technical apparatus, instruments and materials used or usable by Canadian industry
- operating and administering any astronomical observatories established or maintained by the Government of Canada
- establishing, operating and maintaining a national science library
- publishing and selling or otherwise distributing such scientific and technical information as the Council deems necessary

Further details on the NRC's legislative framework, authority, mandate and program activities can be found in Part II of the Main Estimates and the [Departmental Plan](#).



1.2 Basis of presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the NRC's spending authorities granted by Parliament and those used by the NRC consistent with the Main Estimates for 2021-22, 2021-22 Supplementary Estimates (A) and Canada's COVID-19 Economic Response Plan. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use for spending authorities.

The authority of Parliament is required before moneys can be spent by the Government of Canada. 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 (pursuant to paragraph 5(1)(e) of the *National Research Council Act (R.S.C., 1985, c. N-15)*, the NRC has authority to expend revenues it has received through the conduct of its operations).

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act (R.S.C., 1985, c. F-11)* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government of Canada to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

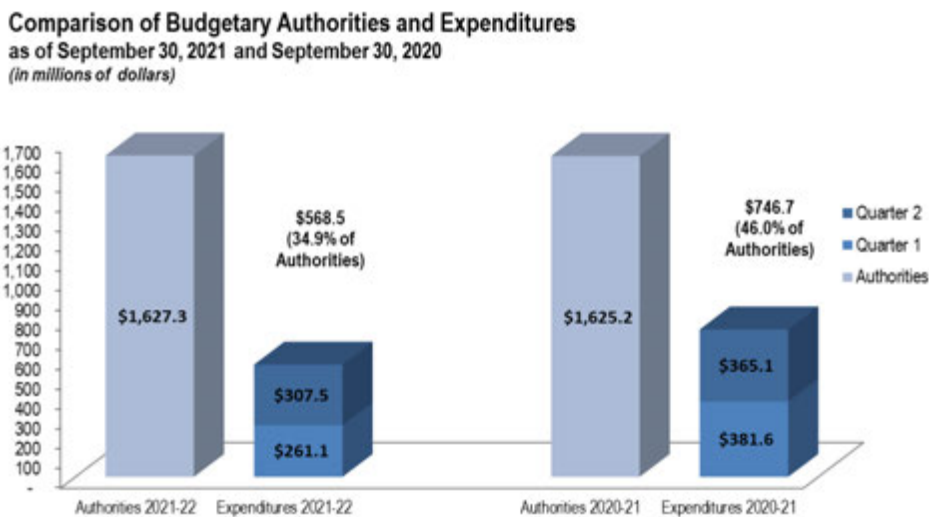
The NRC uses the full accrual method of accounting to prepare and present its annual departmental financial statements which are part of the Departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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

This section highlights the items that contributed most significantly to the changes in budgetary authorities for the current fiscal year and to the actual expenditures for the quarter that ended on September 30, 2021 compared with the [previous fiscal year](#). This section should be read in conjunction with the NRC's tables entitled Statement of Authorities and Departmental budgetary expenditures by Standard Object found on the last 2 pages of this report.

2.1 Authorities and expenditures

The following graph provides a comparison of the budgetary authorities and expenditures as of September 30, 2021 and those as of September 30, 2020.



As shown in the graph above, the NRC's expenditures totalled \$307.5M during the second quarter of 2021–22 which represents a decrease of \$57.6M over the second quarter of 2020–21. Lower expenditures are mainly attributable to a decrease of \$77.4M in other statutory expenses mainly related to the Industrial Research Assistance Program – Innovation Assistance Program which was part of NRC's COVID-19 response, offset by an increase of \$13.7M in combined operating and statutory spendable revenue expenditure, an increase of \$3.6M in capital expenditures as well as an increase of \$1.9M in grants and contributions expenditures. Refer to 2.3 Significant changes to budgetary expenditures for additional details.

2.2 Significant changes to authorities

As of September 30, 2021, the authorities were \$1,627.3M, representing an increase of \$2.1M in comparison to the 2020–21 authorities of the same period.

The increase of \$2.1M in authorities is mainly explained by the following items:

- In prior year, as at September 30th, 2020, only nine twelfth of NRC's 2020-21 Main Estimates voted appropriations were released. Consequently, \$243.1M were not supplied as of prior year Q2 due to amended House of Commons Standing Orders. As of September 30, 2021, the full supply has been released;

Quarterly Financial Report
For the quarter ended September 30, 2021 (unaudited)

- Additional Grants & Contribution funding for the Industrial Research Assistance Program, including \$60.0M for its Youth Employment Strategy and Skills Program;
- A \$21.8M increase in the value of funding reprofiled through the Capital Budget Carry-Forward mechanism;
- An increase of \$10.9M related to NRC's statutory revenue carry-forward authority;
- An increase of \$6.5M in compensation allocation related to the signing of collective bargaining agreements; offset by
- A decrease of \$6.2M for the construction and commissioning of the International Thirty Meter Telescope due to the revised financial profile of the program;
- A decrease of \$25.1M in Federal Infrastructure Funding; and
- A net decrease of \$315.7M related with funding allocated for NRC's response to COVID-19, whereas the majority of this decrease relates to sunseting the Innovation Assistance Program at the end of fiscal year 2020-21.

The following table summarizes the significant changes to NRC authorities:

Significant Changes to Authorities (unaudited)
For the year ending March 31, 2022 - As of September 30, 2021
(in millions of dollars)

	Vote 1 Operating	Vote 5 Capital	Vote 10 Grants & Contributions	Statutory Revenues	Contributions to EBP	Statutory - Other	Total
Authorities – Total available for use for the year ending March 31, 2022 - As of June 30, 2021							1,579.9
Operating and Capital Budget Carry-Forward	17.8	29.6		-	-	-	47.4
Total increase (decrease) in authorities in comparison to prior year	17.8	29.6	-	-	-	-	47.4
Authorities – Total available for use for the year ending March 31, 2022 - As of September 30, 2021							1,627.3

2.3 Significant changes to budgetary expenditures

This section should be read in conjunction with the NRC's tables entitled Statement of Authorities and Departmental budgetary expenditures by Standard Object both located at the end of this report.



2.3.1 Variances in year-to-date expenditures

As of September 30, 2021, year-to-date expenditures were \$568.5M, representing a decrease of \$178.2M (23.9%) in comparison to the 2020-21 expenditures of the same period. This decrease is mostly attributable to the following items:

- Capital expenditures increased by \$18.1M compared to the same period of the previous fiscal year. The change is mainly attributable to an increase of \$25.1M in acquisition of land, buildings and works and an increase of \$2.9M in acquisition of machinery and equipment, offset by a decrease of \$11.9M in professional fees;
- Combined operating and statutory expenditures increased by \$20.3M compared with the same period of the previous fiscal year. This change is mainly attributable to an increase in personnel costs of \$16.0M, not including employee benefits cost, as a result of renewed collective agreements, and an increase of \$4.4M in utilities, materials and supplies;
- Transfer payments consisting of Grants and Contributions (G&C) expenditures increased by \$32.1M compared with the same period in the previous year. This change is principally attributable to an increase of IRAP Contributions to Firms of \$14.8M and an increase of \$15.4M for the Youth Employment and Skills Strategy Program; and
- Other statutory expenses for transfer payments associated to NRC's COVID-19 response decreased by \$249.9M. This change is attributable to \$246.0M for Industrial Research Assistance Program – Innovation Assistance Program and \$3.9M for the Youth Employment and Skills Strategy Program.

3. Risks and uncertainties

In the second quarter, the NRC initiated its annual risk refresh process and commenced consultations with stakeholders to identify new risks for inclusion in the corporate risk and issues profile. The current profile includes risks and issues related to collaboration management, financial stability, the protection of information assets, IT infrastructure and workplace wellness.

Progress against existing risk and issue action plans progressed at a steady pace. Of note, new guidance and processes were created to safeguard data sharing and protect intellectual property. In addition, the NRC's Departmental Security Plan; Wellness Strategy; and Policy on Workplace Harassment, Violence Prevention and Conflict Resolution; were approved by the NRC Senior Executive Committee.

4. Significant changes in relation to operations, personnel and programs

On August 4, the Canada Council for the Arts announced the signing of a Memorandum of Understanding to transition the Killam program to the NRC by March 2022. The Killam program includes the Killam Prize and the Killam Research Fellowships to support innovative research while recognizing and celebrating top thought leaders in Canada.



Quarterly Financial Report
For the quarter ended September 30, 2021 (unaudited)

The NRC officially appointed a new Chief Digital Research Officer on August 16. In his 27 years at the NRC, Dr. Joel Martin has served in multiple leadership roles including Acting Chief Digital Research Officer and Acting Director General of the Digital Technologies Research Centre. Dr. Martin will continue to guide the NRC vision for digital research and connect NRC's digital capabilities with key organizations across Canada to drive research and innovation for the benefit of Canada.

On September 7, Dr. Shannon Quinn joined the NRC as its new Secretary General. Dr. Quinn previously served as Vice-President, Science, Technology and Commercial Oversight at Atomic Energy of Canada Limited (AECL), where she was responsible for all aspects of the science and technology mission of AECL, as well as internal and external communications and Indigenous engagement. Prior to this, Dr. Quinn occupied senior positions at Natural Resources Canada and while there, she was part of the leadership team that restructured AECL, and implemented its current government-owned, contractor-operated model. She brings a wealth of knowledge and experience to her new role supporting the NRC in advancing the government's science, research and innovation agenda.

Approved by senior officials

Approved by:

X

Iain Stewart

President

X

Dale MacMillan

Vice-President, Corporate Services and
Chief Financial Officer

Ottawa, Canada



Quarterly Financial Report
For the quarter ended September 30, 2021 (unaudited)

Statement of Authorities (unaudited)
For the quarter ended September 30, 2021

	Fiscal Year 2021-22 (in thousands of dollars)		
	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
Vote 1 - Operating expenditures	502,512	132,508	239,817
Vote 5 - Capital expenditures	111,354	28,633	51,023
Vote 10 - Grants and contributions	647,864	98,151	183,068
Statutory revenue **	299,821	31,761	61,815
Statutory EBP	65,717	16,400	32,799
Statutory - Other ***	-	-	-
Total Budgetary authorities	1,627,268	307,453	568,522

	Fiscal Year 2020-21 (in thousands of dollars)		
	Total available for use for the year ending March 31, 2021 *	Used during the quarter ended September 30, 2020	Year to date used at quarter-end
Vote 1 - Operating expenditures	378,826	120,864	225,176
Vote 5 - Capital expenditures	71,139	25,035	32,961
Vote 10 - Grants and contributions	365,852	96,230	150,947
Statutory revenue **	288,920	29,750	56,148
Statutory EBP	63,784	15,751	31,502
Statutory - Other ***	456,680	77,407	249,941
Total Budgetary authorities	1,625,201	365,037	746,675

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

** Includes Statutory Revenue available for use in future years pursuant to paragraph 5(1)(e) of the National Research Council Act (R.S.C., 1985, c. N-15).

*** Includes payments pursuant to section 2 of the Public Health Events of National Concern Payments Act and the Canada Emergency Response Benefit Act.



Quarterly Financial Report
For the quarter ended September 30, 2021 (unaudited)

Departmental budgetary expenditures by Standard Object (unaudited)
For the quarter ended September 30, 2021

Fiscal Year 2021-22 (in thousands of dollars)			
	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
Expenditures:			
Personnel	509,277	137,000	264,805
Transportation and communications	27,990	705	984
Information	3,011	228	356
Professional and special services	123,197	14,637	23,567
Rentals	17,840	1,415	5,250
Purchased repair and maintenance	32,635	5,600	8,628
Utilities, materials and supplies	73,641	10,800	15,582
Acquisition of land, buildings and works	61,316	12,297	29,907
Acquisition of machinery and equipment	99,350	18,185	25,684
Transfer payments	647,864	98,137	183,054
Other subsidies and payments	31,147	8,449	10,705
Total net budgetary expenditures	1,627,268	307,453	568,522
Fiscal Year 2020-21 (in thousands of dollars)			
	Total available for use for the year ending March 31, 2021 *	Used during the quarter ended September 30, 2020	Year to date used at quarter- end
Expenditures:			
Personnel	406,094	125,172	247,273
Transportation and communications	25,649	440	653
Information	3,882	239	439
Professional and special services	101,617	28,335	36,917
Rentals	18,803	1,903	4,101
Purchased repair and maintenance	24,783	4,234	6,349
Utilities, materials and supplies	88,080	6,860	10,822
Acquisition of land, buildings and works	80,954	3,717	5,615
Acquisition of machinery and equipment	53,598	11,131	22,877
Transfer payments	782,512	173,637	400,888
Other subsidies and payments	39,229	9,369	10,741
Total net budgetary expenditures	1,625,201	365,037	746,675

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