



Federal Economic Development  
Agency for Northern Ontario

Agence fédérale de développement  
économique pour le Nord de l'Ontario

# **Federal Economic Development Agency for Northern Ontario: Quarterly Financial Report for the Quarter ended June 30, 2023**

Canada 

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**Federal Economic Development Agency for Northern Ontario (FedNor)**  
**Quarterly Financial Report**  
**Outlining Results, Risks and Significant Changes in**  
**Operations, Personnel and Programs**

**For the Quarter Ended June 30, 2023**

## **1. Introduction**

This Quarterly Financial Report (QFR) has been prepared by management as required by the Federal Economic Development Agency for Northern Ontario (FedNor) under section 65.1 of the *Financial Administration Act*, in the form and manner prescribed by the Treasury Board.

This report must be read in conjunction with the Main Estimates and Supplementary Estimates (as applicable) for the fiscal year 2023-24. These documents provide a brief description of FedNor's mandate and programs.

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

### **1.1 Authority, mandate and programs**

FedNor was first created as a federal initiative within the Department of Industry in 1987 with a mandate to assist in the expansion and diversification of the economy of Northern Ontario. In fiscal year 2021-22, via [Order in Council P.C. 2021-0840](#) dated August 6, 2021, and coming into force on August 12, 2021, (1) transferring from the Department of Industry to the Federal Economic Development Agency for Northern Ontario the control and supervision of that portion of the federal public administration in the Department of Industry known as the Federal Economic Development Initiative for Northern Ontario.

FedNor works to create opportunities for economic growth by helping businesses become more competitive, innovative and productive, by working with diverse communities to develop and diversify local economies, and by championing the strengths of the region.

A summary description of FedNor's core responsibilities can be found on its external [website](#) as well as in future Departmental Plans.

### **1.2 Basis of presentation**

This quarterly report was prepared by FedNor using an expenditure basis of accounting. The accompanying Statement of Authorities includes the department's spending authorities granted by Parliament, and those used by the department consistent with the Main Estimates and Supplementary Estimates (as applicable) for the 2023-24 fiscal year. This 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.

Prior authority from Parliament is required before funds can be spent by the Government. Authorities available for use are given through appropriation acts in the form of annually approved limits, or through legislation in the form of statutory spending authorities for specific purposes.

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

### **1.3. Financial structure and definitions of the Federal Economic Development Agency for Northern Ontario (FedNor)**

The following descriptions are referred to throughout the report:

- **Operating (Vote 1):** Amount approved for the fiscal year for the Department to spend on salary and operating expenditures.
- **Grants and Contributions (Vote 5):** Amount approved for the fiscal year for the Department to provide Grants and Contribution (G&C) funding to prospective recipients.
- **Authority:** Approvals from Parliament to spend up to a specific amount.
- **Employee Benefit Plan (EBP):** The department's contribution to public service employee benefit plans.

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

This section highlights significant changes to the fiscal quarter results as of June 30, 2023. For more details on FedNor's statement of authorities, see Appendix 6.1: Statement of authorities.

### **Statement of Authorities: Vote 1 – Net Operating Expenditures**

As of June 30, 2023, total authorities available for fiscal year 2023-24 are \$16.27 million, compared with \$12.58 million as of June 30, 2022. This represents an increase of \$3.7 million (29.3%) this year.

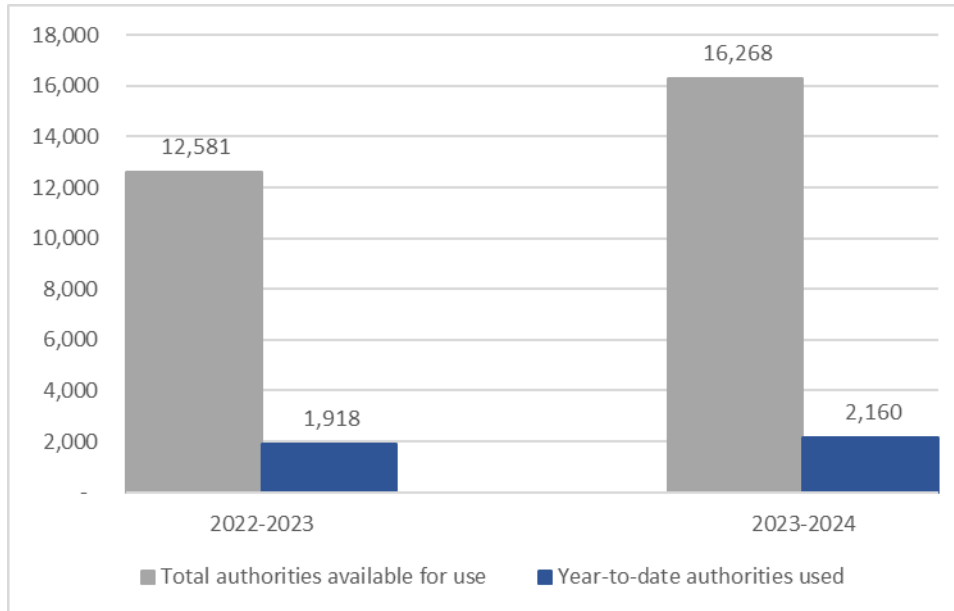
The increase can be attributed to funding for the establishment of a standalone agency (+\$4.6M) and temporary funding for the Northern Ontario Development Program (+ \$0.3M), and is slightly offset by reduced funding for temporary economic recovery initiative (- \$1.2M).

Vote 1 authorities used year-to-date are 2.16 million at the end of the first quarter this fiscal year, with no significant variance compared to 1.92 million as of June 30, 2022.

Graph 1 illustrates the total authorities available for use for the year as well as the amount used year-to-date at quarter end.

**Graph 1: Comparison of Net Budgetary Authorities and Expenditures for Vote 1 as of June 30, 2022-2023 and 2023-2024.**

*(in thousands of dollars)*



**Statement of Authorities: Vote 5 – Grants and Contributions**

As of June 30, 2023, total authorities available for fiscal year 2023-24 are \$52.73 million, compared with \$109.62 million as of June 30, 2022. This represents a decrease of \$56.9 million (51.9%) this year.

This variance consists of a number of items, some of which varied upward, others downward, resulting in a net decrease of \$56.9 million. The most significant variances are:

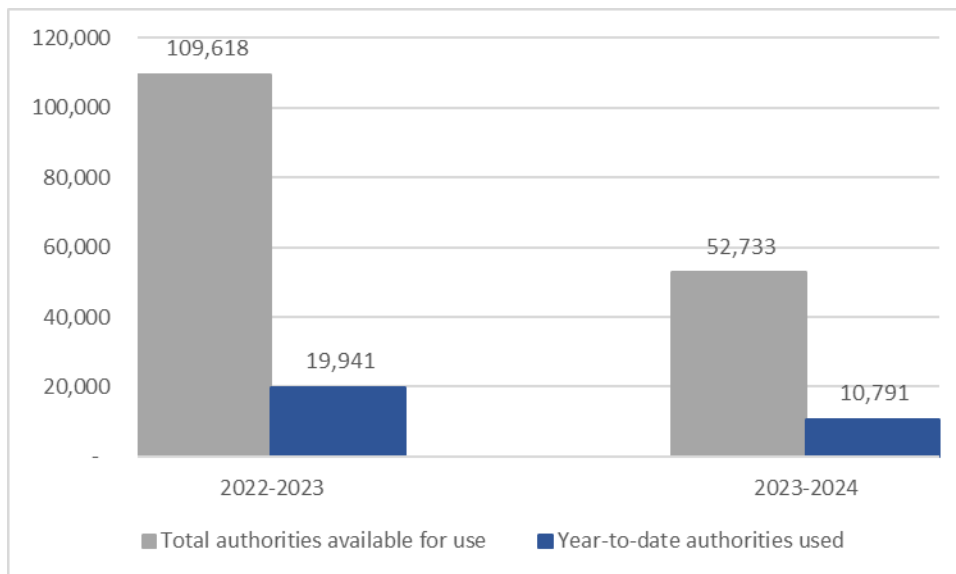
- **Decrease in funding (- \$61.5M)**
  - Tourism Relief Fund -\$15.0M
  - Canada Community Revitalization Fund: - \$9.4M
  - Previous year funding reprofiled into 2022-23: - \$23.1M
  - Refund of previous year advance: - \$9.5M
  - Other: - \$1.2M
- **Increase in funding (+\$4.6M)**
  - Northern Ontario Development Program: + \$4.6M

Total authorities used during the first quarter ended June 30, 2023 were \$10.79 million as compared to the \$19.94 million for the same period last year. The decrease of \$9.15 million can be mainly attributed to the timing of processing claims for payments and a decrease in funding.

Graph 2 illustrates the total authorities available for use for the year as well as the amount used year-to-date at quarter end.

**Graph 2: Comparison of Net Budgetary Authorities and Expenditures for Vote 5 as of June 30, 2022-2023 and 2023-2024.**

*(in thousands of dollars)*



### 3. Risks and uncertainties

FedNor continues to be in a transition period as it develops its own internal governance structure, capacity and reporting capabilities. FedNor has a Memorandum of Understanding with Innovation, Science and Economic Development Canada (ISED) to continue providing internal services to FedNor, including systems support, information technology support, and security services. Until the completed structures and capacity are in place, FedNor will continue to rely on these services and established processes to ensure uninterrupted operations.

In terms of transfer payment program and transfer payment recipient risk, FedNor transfers funds to recipients each year, while balancing program and recipient risks to deliver on its mandate. FedNor undertakes risk assessments on new, existing and reformed programs as well as an annual general assessment of each recipient to identify areas of risk. As the majority of Grant and Contribution funding is being provided through existing programs with well-functioning internal controls, the department continues to seek improvements to enhance those controls as it transitions.

From an internal management perspective, FedNor will continue to monitor, and when required, develop clear mitigation actions towards its financial risks.

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

Serge LeBlanc was assigned as the Deputy Chief Financial Officer of FedNor, effective January 9, 2023.

**5. Approval of senior officials**

The purpose of this section is to provide the approval of senior officials, as required by the Policy on Financial Management, as follows:

**Approved by:**

Original signed by

Original signed by

\_\_\_\_\_  
**Valerie Gideon**  
President

\_\_\_\_\_  
**Lisa Furtado, CPA, CMA**  
Chief Financial Officer

\_\_\_\_\_  
August 21, 2023

\_\_\_\_\_  
August 21, 2023

## 6. Appendices

### 6.1 Statement of authorities (unaudited)

Fiscal Year 2023-24 (\$000's)

	<b>Fiscal Year 2023–24</b>		
	Total available for use for the year ending March 31, 2024 <sup>(1)</sup>	Used during the quarter ended June 30, 2023	Year to date used at quarter end
<i>(in thousands of dollars)</i>			
Vote 1 - Operating expenditures	16,268	2,160	2,160
Vote 1 - Net Operating Expenditures	<b>16,268</b>	<b>2,160</b>	<b>2,160</b>
Vote 5 - Grants and contributions	52,733	10,791	10,791
<b>Total voted authorities</b>	<b>69,001</b>	<b>12,951</b>	<b>12,951</b>
Employee Benefit Plans	2,032	508	508
<b>Total budgetary statutory authorities</b>	<b>2,032</b>	<b>508</b>	<b>508</b>
<b>Total authorities</b>	<b>71,033</b>	<b>13,459</b>	<b>13,459</b>

<sup>(1)</sup> Includes only authorities available for use and granted by Parliament at quarter-end.



Fiscal year 2022-23 (\$000's)

<i>(in thousands of dollars)</i>	<b>Fiscal Year 2022–23</b>		
	Total available for use for the year ending March 31, 2023 <sup>(1)</sup>	Used during the quarter ended June 30, 2022	Year to date used at quarter end
Vote 1 - Operating expenditures	12,581	1,918	1,918
Vote 1 - Net Operating Expenditures	<b>12,581</b>	<b>1,918</b>	<b>1,918</b>
Vote 5 - Grants and contributions	109,618	19,941	19,941
<b>Total voted authorities</b>	<b>122,199</b>	<b>21,859</b>	<b>21,859</b>
Employee Benefit Plans	1,624	405	405
<b>Total budgetary statutory authorities</b>	<b>1,624</b>	<b>405</b>	<b>405</b>
<b>Total authorities</b>	<b>123,823</b>	<b>22,264</b>	<b>22,264</b>

<sup>(1)</sup> Includes only authorities available for use and granted by Parliament at quarter-end.

## 6.2 Departmental budgetary expenditures by standard object (unaudited)

Fiscal Year 2023-24 (\$000's)

*(in thousands of dollars)*

	<b>Fiscal Year 2023–24</b>		
	Planned expenditures for the year ending March 31, 2024 <sup>(1)</sup>	Expended during the quarter ended June 30, 2023	Year to date used at quarter end
<b>Expenditures:</b>			
Personnel	15,402	2,477	2,477
Transportation and communications	322	47	47
Information	1,173	11	11
Professional and special services	1,194	124	124
Rentals	110	-	-
Repair and maintenance	24	3	3
Utilities, materials and supplies	5	2	2
Acquisition of machinery and equipment	70	4	4
Transfer payments	52,733	10,791	10,791
<b>Total gross budgetary expenditures</b>	<b>71,033</b>	<b>13,459</b>	<b>13,459</b>
<b>Total net budgetary expenditures</b>	<b>71,033</b>	<b>13,459</b>	<b>13,459</b>

<sup>(1)</sup> Includes only authorities available for use and granted by Parliament at quarter-end.

Fiscal year 2022-23 (\$000's)

*(in thousands of dollars)*

	<b>Fiscal Year 2022-23</b>		
	Planned expenditures for the year ending March 31, 2023 <sup>(1)</sup>	Expended during the quarter ended June 30, 2022	Year to date used at quarter end
<b>Expenditures:</b>			
Personnel	12,450	2,255	2,255
Transportation and communications	130	35	35
Information	1,208	5	5
Professional and special services	357	21	21
Rentals	5	-	-
Repair and maintenance	6	5	5
Utilities, materials and supplies	4	2	2
Acquisition of machinery and equipment	45	-	-
Transfer payments	109,618	19,941	19,941
<b>Total gross budgetary expenditures</b>	<b>123,823</b>	<b>22,264</b>	<b>22,264</b>
<b>Total net budgetary expenditures</b>	<b>123,823</b>	<b>22,264</b>	<b>22,264</b>

<sup>(1)</sup> Includes only authorities available for use and granted by Parliament at quarter-end.