

**Natural Sciences and Engineering Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended June 30, 2024**

Catalogue Number: NS1-36E-PDF

ISSN: 2564-1107

**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 2024–25 [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 2024–25. 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, which are part of the departmental results reporting process. However, the spending authorities voted on by Parliament remain on an expenditure basis.

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

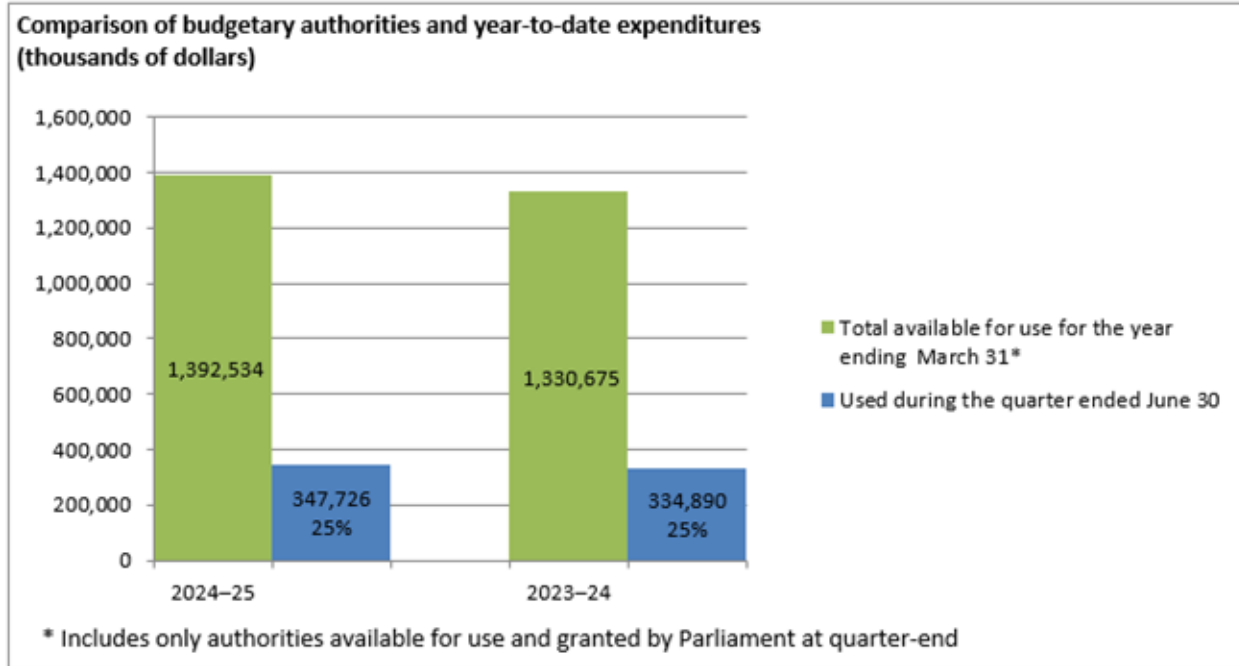
This section highlights the significant items that contributed to the change in resources available for the fiscal year, as well as the actual year-to-date expenditures compared with the previous fiscal year.

# Natural Sciences and Engineering Research Council of Canada

## Quarterly Financial Report

### For the Quarter Ended June 30, 2024

The following graph provides a comparison of budgetary authorities available for the full fiscal year and budgetary expenditures by quarter for the fiscal year 2024–25 and the fiscal year 2023–24.



## 2.1 Significant changes to budgetary authorities

As of June 30, 2024, NSERC’s total available authorities for the fiscal year 2024–25 amounted to \$1.393 billion. This represents an overall increase of \$61.9 million (4.6%) from the same period in the previous year. The major changes in NSERC’s budgetary authorities between the current and previous fiscal years include the following:

- a net increase of \$32.5 million from Budget 2023 for the College and Community Innovation program top-up;
- a decrease of \$17.8 million from Budget 2014 for the transfer of Canada First Research Excellence Fund to SSHRC and CIHR;
- an increase of \$16.8 million from Budget 2022 to support university researchers in developing technologies and crop varieties that will allow for net-zero emission agriculture;
- a net increase of \$9.6 million from Budget 2023 to continue implementing the Lab-to-Market initiative;
- an increase of \$9.1 million from Budget 2024 for the Arthur B. McDonald Canadian Astroparticle Physics Research Institute, which will support innovation in areas like clean technology and medical imaging and will educate and inspire the next wave of Canadian talent;
- an increase of \$5.5 million related to the updated Terms and Conditions of Employment;
- an increase of \$3.8 million for the Canadian post-secondary institutions that were successful in the 2024 Canada Excellence Research Chairs competition; and

**Natural Sciences and Engineering Research Council of Canada  
Quarterly Financial Report  
For the Quarter Ended June 30, 2024**

- an increase of \$3.7 million from Budget 2021 for programs related to the National Quantum Strategy.

## 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)

	2024–25	2023–24	Variance
<b>Vote 1—Operating expenditures</b>			
Personnel (includes contributions to EBP)	15.0	13.3	1.7
Non-personnel	1.7	0.9	0.8
<b>Vote 5—Grants and scholarships</b>	331.0	320.7	10.3
<b>Total budgetary expenditures</b>	<b>347.7</b>	<b>334.9</b>	<b>12.8</b>

Total budgetary expenditures amounted to \$347.7 million at the end of the first quarter of fiscal year 2024–25, compared to \$334.9 million reported in the same period in the previous fiscal year.

### Grants and scholarships

At the end of the first quarter of 2024–25, grants and scholarship expenses increased by \$10.3 million compared to those reported in the same period of the previous fiscal year.

The change in spending is due to:

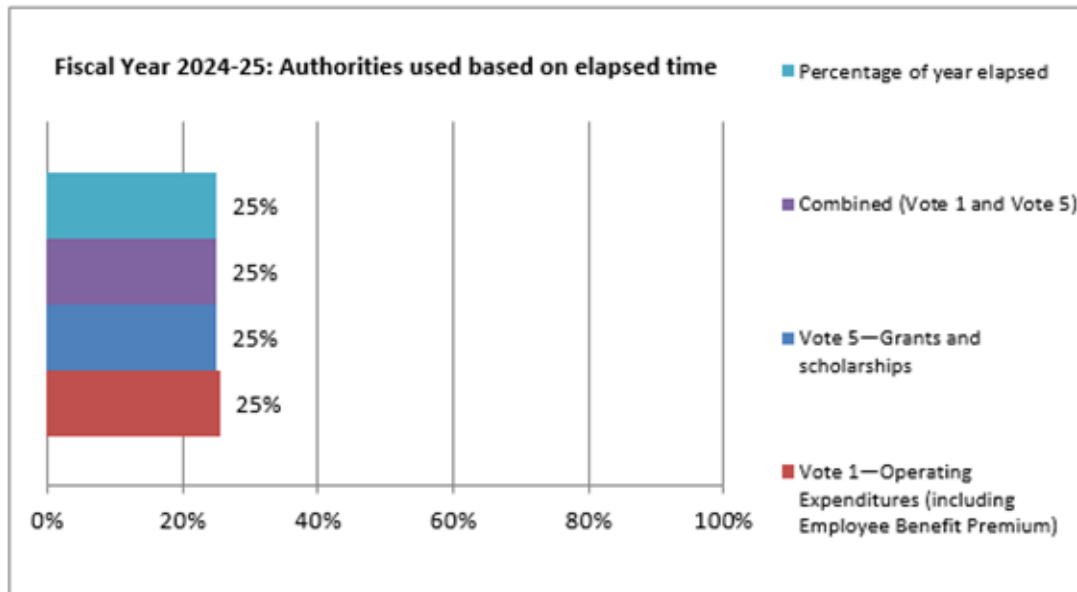
- increases in the budgetary authorities for the College and Community Innovation program and the Net-Zero initiative;
- the Lab to Market initiative, which launched at the end of 2023-24; and
- timing of other award payments.

### Operating expenditures

Personnel expenditures, which include contributions to employee benefit plans, have increased by \$1.7 million compared to the same period in the previous year, mainly due to the implementation of the new terms and conditions of employment (November 2023) and related clauses relative to salary increases and retroactive payments.

Total non-personnel expenditures as of the first quarter of fiscal year 2024–25 have increased by \$0.8 million compared to the same period of the previous year. There was an increase in the client software subscription and licence expenditures; an increase in rental expenditures related to servers and application software; and an increase in professional and special services related to non-routine activities for the Data Centre move. Please see the Departmental budgetary expenditures by standard object table in section 6 for additional details.

**Natural Sciences and Engineering Research Council of Canada  
Quarterly Financial Report  
For the Quarter Ended June 30, 2024**



The total authorities used at the end of the first quarter (\$347.7 million) of the fiscal year 2024–25 represent 25% of total available authorities (\$1.393 billion).

### 3. Risks and uncertainties

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

The 2024–25 risk assessment exercise provided the level of insight required to properly plan risk responses through the allocation of resources, both human and financial, and through the prioritization of activities. Senior management is closely monitoring the following four strategic risks for 2024–25:

- i. Distributed IT landscape and ongoing technology transitions—The risk that NSERC’s distributed technology landscape (applications, infrastructure) will be unable to respond to the Agency’s current & evolving business needs and address the needs of the Canadian Research Community, impacting the day-to-day operations and increasing risks of potential security breaches.
- 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. Inability to implement transitions and adapt to change—The risk that NSERC will not be able to effectively manage and respond to change and transformation in a rapidly evolving and demanding environment.

**Natural Sciences and Engineering Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended June 30, 2024**

- iv. Strategic data management—The risk that inadequate data management and data governance practices can lead to data breaches and leaks, poor data quality and operational inefficiencies.

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

The [Policy on Sensitive Technology Research and Affiliations of Concern](#) (STRAC) is being implemented by the federal granting agencies in a harmonized manner to funding opportunities that launched as of May 1, 2024. Considering the critical importance of research security to NSERC and the increased responsibilities stemming from the expanded scope of the Government of Canada's research security requirements, the Research and Technology Partnerships directorate has created the Director position to lead this highly complex file. This position will be staffed on an acting basis by Shawn McGuirk, who has effectively led and overseen the Division as Deputy Director since 2021.

On April 10, 2024, the Canadian Institutes of Health Research (CIHR), NSERC, the Social Sciences and Humanities Research Council (SSHRC) and the Canada Foundation for Innovation (CFI) [launched a consultation](#) seeking feedback from the research community on draft guidance related to the use of artificial intelligence in developing and reviewing research proposals. The agencies developed the draft guidance based on the advice and recommendations of an [ad hoc panel](#) of external experts. The guidance is intended to clarify how existing agency policies apply to the use of artificial intelligence.

Budget 2024 announced an increase in the annual value and number of scholarships and fellowships for CIHR/NSERC/SSHRC master's and doctoral students and postdoctoral researchers. Highlighting the commitment to bolstering Canada's research landscape, Budget 2024 proposes a significant investment of \$1.8 billion over five years and \$748.3 million per year ongoing to the federal granting councils to increase core research grant funding. Budget 2024 also announced funding for the Tri-agency Grants Management Solution (TGMS), an initiative led by NSERC on behalf of the agencies.

In Budget 2024, the Government of Canada also announced the creation of a new capstone research funding organization within which the granting councils will continue to exist, with their focus on supporting excellence in investigator-driven research and actively contributing to the collective and strategic direction of the new organization. On June 17, 2024, the Government of Canada asked the three federal research funding agencies to jointly undertake engagement with the research community by July 2024. This engagement will help inform the Government of Canada's ongoing work to create the new organization and structure. Further details on these efforts will be provided in the 2024 Fall Economic Statement.

After a successful three-year-long pilot phase, the Tri-agency Interdisciplinary Peer Review Committee (TAIPR) will [continue](#) as a regular feature of each agency's selected funding opportunities: SSHRC's Insight Grants and Insight Development Grants, CIHR's Project Grants, and NSERC's Discovery Horizons. As such, this committee will continue to review [NSERC's Discovery Horizons](#) interdisciplinary applications.

**Natural Sciences and Engineering Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended June 30, 2024**

On May 29, 2024, the Honourable François-Philippe Champagne, Minister of Innovation, Science and Industry, announced the reappointment of Professor Alejandro Adem as the president of NSERC for a five-year term, effective October 1, 2024.

To better reflect NSERC's crucial role in fostering technology development and adaptation, the Research Partnerships Directorate was renamed Research and Technology Partnerships Directorate (RTP). This new name will reflect the directorate's role in supporting national technology strategies and their continued alignment with the NSERC 2030 strategic plan. The RTP Directorate continues to be under the leadership and guidance of Manal Bahubeshi, Vice-President, and Robbyn Plumb, Associate Vice-President.

From June 28 at 4:00 pm to July 2, 2024, at 8:00 am, NSERC and SSHRC successfully moved their Data Centre from Constitution Square to a Shared Services Canada (SSC) location in Gatineau, QC. This project was well planned and implemented, with a comprehensive contingency plan to manage critical risks.

Approved by:

**Prof. Alejandro Adem, FRSC**  
**President**

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

**Ottawa, Canada**  
**August 29, 2024**

**Natural Sciences and Engineering Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended June 30, 2024**

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

	Fiscal year 2024–25			Fiscal year 2023–24		
	Total available for use for the year ending March 31, 2025*	Used during the quarter ended June 30, 2024	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2024*	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	58,597	14,969	14,969	53,030	12,575	12,575
Vote 5—Grants and scholarships	1,326,872	331,042	331,042	1,270,836	320,707	320,707
Budgetary statutory authorities						
Contributions to the employee benefit plan	6,862	1,715	1,715	6,606	1,608	1,608
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>1,392,534</b>	<b>347,726</b>	<b>347,726</b>	<b>1,330,675</b>	<b>334,890</b>	<b>334,890</b>

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

**Natural Sciences and Engineering Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended June 30, 2024**

**6. Departmental budgetary expenditures by standard object (unaudited)**

	Fiscal year 2024–25			Fiscal year 2023–24		
	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended June 30, 2024	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2024	Expended during the quarter ended June 30, 2023	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
<b>Expenditures</b>						
Personnel	56,586	15,044	15,044	49,573	13,276	13,276
Transportation and communications	565	140	140	753	76	76
Information	832	92	92	1,171	40	40
Professional and special services	4,461	617	617	5,154	565	565
Rentals	1,120	635	635	1,388	180	180
Repair and maintenance	94	19	19	122	3	3
Utilities, materials and supplies	41	10	10	242	38	38
Acquisition of machinery and equipment	1,959	129	129	1,436	5	5
Other subsidies and payments	4	(2)	(2)	-	-	-
Transfer payments	1,326,872	331,042	331,042	1,270,836	320,707	320,707
<b>Total budgetary expenditures</b>	<b>1,392,534</b>	<b>347,726</b>	<b>347,726</b>	<b>1,330,675</b>	<b>334,890</b>	<b>334,890</b>