

Atlantic Canada Opportunities Agency

2023-2024

Quarterly Financial Report For the quarter ended September 30, 2023

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Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

Canada 

Statement Outlining Results, Risks and Significant Changes in Operations, Personnel and Programs

Introduction

This quarterly financial report should be read in conjunction with the Main Estimates. It 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. This quarterly report has not been subjected to an external audit or review.

A summary description of the Atlantic Canada Opportunities Agency (ACOA) program activities can be found in Part II of the 2023-2024 [Main Estimates](#).

Basis of presentation

This quarterly financial report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities is consistent with the Main Estimates and Supplementary Estimates (A) for the 2023-2024 fiscal year and includes ACOA's total authorities available for use as granted by Parliament and those used by the Agency during this quarter. Authorities available for use are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory authorities for specific purposes.

The authority of Parliament is required before monies can be spent by the Government.

When Parliament is dissolved for the purposes of a general election, section 30 of the FAA authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government 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.

As part of the departmental results reporting process, the Agency prepares its annual departmental financial statements on a full accrual basis in accordance with Treasury Board accounting policies. However, the spending authorities voted by Parliament remain on an expenditure basis of accounting.

ACOA financial structure

ACOA manages its expenditures under two votes:

- Vote 1 – Net operating expenditures, includes the Agency's authorities related to personnel costs (e.g., salaries) and operation and maintenance expenditures (e.g., travel).
- Vote 5 – Grants and contributions, includes authorities related to transfer payments.

Costs under Statutory Authorities, which represent payments made under legislation approved previously by Parliament and which are not part of the annual appropriation bills, include such items as the employer's share of the employee benefits plan and other minor items.

Highlights of fiscal quarter and fiscal year-to-date results

This section highlights significant changes to the fiscal quarter results as of September 30, 2023.

Statement of authorities: Vote 1 – Net Operating Expenditures

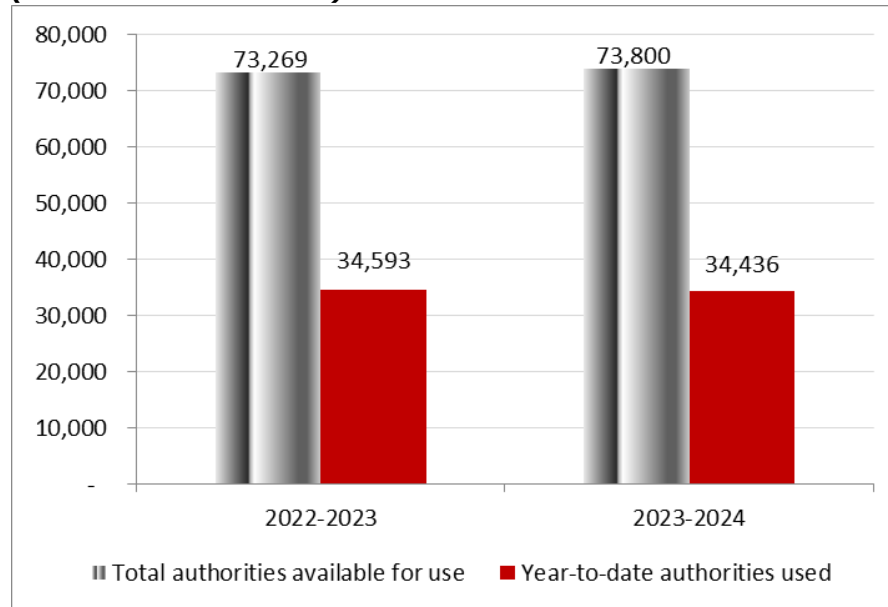
Total authorities available for fiscal year 2023-2024 are \$73.8 million, with no significant variance compared to \$73.3 million as of September 30, 2022.

Vote 1 authorities used year-to-date are \$34.4 million at the end of the second quarter this fiscal year, with no significant variance compared to \$34.6 million as of September 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 September 30, 2022-2023 and 2023-2024.

(in thousands of dollars)



Statement of authorities: Vote 5 – Grants and Contributions

Total authorities available for use for the year ending March 31, 2024, amount to \$405.0 million, an increase of \$47.5 million compared to the \$357.5 million available for use as of September 30, 2022. The increase of \$47.5 million, or 13.3%, is explained by the following:

A total increase of \$132.2 million in Vote 5 authorities available for use related to:

- a \$92.2 million increase in temporary funding for the Hurricane Fiona Recovery Fund;

- a \$31.5 million increase in excess amounts of collections related to the reinvestment of repayable contributions in prior years;
- a \$6.0 million increase in temporary funding for the Prince Edward Island Potato Stabilization and Innovation Initiative; and
- a \$2.5 million increase in temporary funding (resulting in a transfer of funds from the Department of Agriculture and Agri-Food) to support the establishment of a Dairy Secondary Processing Project in Newfoundland and Labrador.

This increase is offset by a total decrease of \$84.7 million in Vote 5 authorities available for use related to:

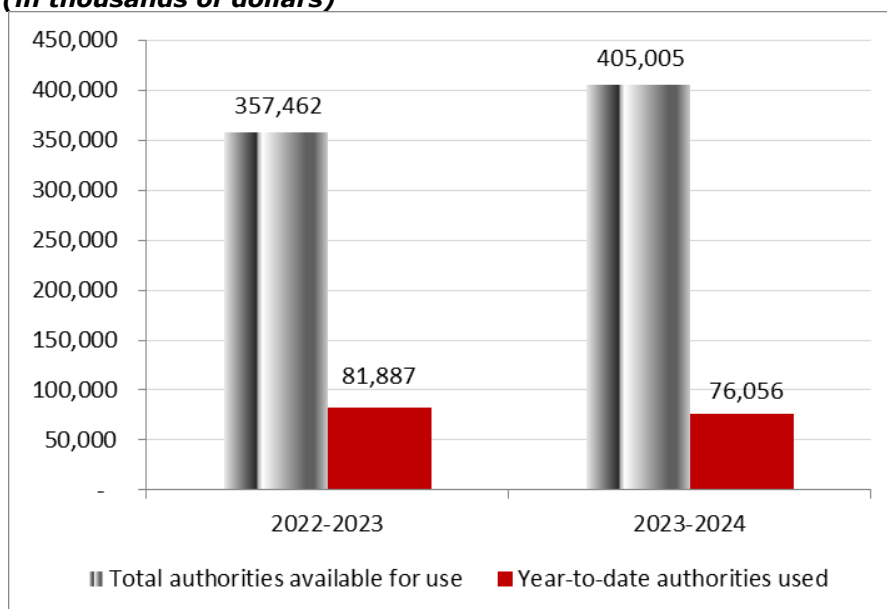
- a \$29.0 million decrease in temporary funding for the Canada Community Revitalization Fund;
- a \$28.2 million decrease in temporary funding for the Tourism Relief Fund;
- a \$17.0 million decrease in temporary funding for the Jobs and Growth Fund;
- an \$8.9 million decrease in temporary funding announced in Budget 2018 in support of Regional Economic Growth through Innovation measures;
- a \$1.3 million decrease related to a reprofile of funds as a result of project/contracting delays; and
- a \$0.3 million decrease in temporary funding for the Women Entrepreneurship Strategy – Ecosystem Fund.

Vote 5 authorities used decreased from \$81.9 million last fiscal year to \$76.1 million this fiscal year. This \$5.8 million decrease in authorities used, or 7.1%, is mainly due to the timing of contribution payments compared to the previous fiscal year.

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 September 30, 2022-2023 and 2023-2024.

(in thousands of dollars)



Statement of authorities: budgetary statutory authorities

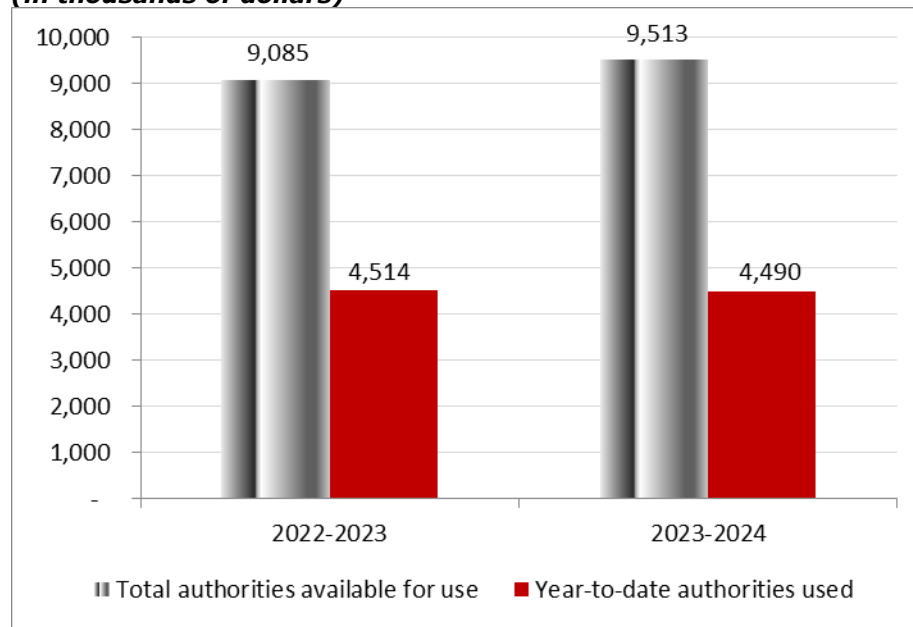
Budgetary statutory authorities available for use for the year ending March 31, 2024, have increased by \$0.4 million, or 4.7%, to \$9.5 million compared to the previous fiscal year at the same time.

Budgetary statutory authorities used year-to-date remain the same at \$4.5 million at the end of the second quarter this fiscal year compared to the previous fiscal year at the same time.

Graph 3 illustrates the total authorities available for use for the year as well as the amount used year-to-date at quarter-end.

Graph 3: Comparison of Net Budgetary Authorities and Expenditures for Statutory Authorities as of September 30, 2022-2023 and 2023-2024.

(in thousands of dollars)



Statement of the Agency's budgetary expenditures by standard object

The Agency's budgetary expenditures by Standard Object for the quarter ended September 30, 2023, were \$115.0 million, which reflects a decrease of \$6.0 million, or 5.0%, from the \$121.0 million in overall expenditures for the quarter ended September 30, 2022. The variance by Standard Object relates mainly to transfer payments. The variance is explained in the Statement of Authorities: Vote 5 – Grants and Contributions.

Risks and uncertainties

ACOA conducts a regular assessment of its overarching corporate risk profile. ACOA manages financial risks through a set of appropriate mitigation measures. The financial risks are mitigated in large part by the implementation of strong internal controls over financial reporting. These include the periodic assessment of entity-level controls, general computer

controls, and controls in ACOA's key business processes such as payments on grants and contributions, regular operating expenses and accounts receivable.

Furthermore, ACOA manages its budgetary and allocation processes through a well-defined framework supported by a series of automated financial controls. Periodic forecasts are required and analyses are done regularly to ensure that funds are properly managed.

Significant changes in relation to operations, personnel and programs

The following change in personnel was made during the second quarter:

- The appointment of the Honourable Gudie Hutchings as Minister of Rural Economic Development and Minister responsible for the Atlantic Canada Opportunities Agency, effective July 26, 2023.

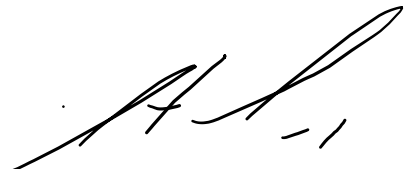
There are no other significant changes in relation to operations, personnel and programs for this reporting period not already disclosed in the quarter ended June 30, 2023.

Approval by senior officials

Approved by:

Catherine Blewett
Deputy Head
Moncton, Canada

Date



Stéphane Lagacé, CPA-CMA
Chief Financial Officer
Moncton, Canada

Nov 14 / 23
Date

Statement of Authorities (unaudited)
Fiscal year 2023-2024 (in thousands of dollars)

Authorities	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
Vote 1 - Net operating expenditures	73,800	16,889	34,436
Vote 5 - Grants and contributions	405,005	47,506	76,056
Budgetary statutory authorities	9,513	2,242	4,490
Total authorities	488,318	66,637	114,982

Fiscal year 2022-2023 (in thousands of dollars)

Authorities	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
Vote 1 - Net operating expenditures	73,269	17,199	34,593
Vote 5 - Grants and contributions	357,462	51,133	81,887
Budgetary statutory authorities	9,085	2,257	4,514
Total authorities	439,816	70,589	120,994

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

Agency's budgetary expenditures by Standard Object (unaudited)
Fiscal year 2023-2024 (in thousands of dollars)

Expenditures	Planned expenditures for the year ending March 31, 2024*	Expended during the quarter ended September 30, 2023	Year-to-date expended at quarter-end
Personnel	70,194	17,375	34,780
Transportation and communications	2,467	270	694
Information	548	71	209
Professional and special services	4,126	555	948
Rentals	2,960	284	867
Repair and maintenance	155	17	27
Utilities, materials and supplies	164	39	53
Acquisition of machinery and equipment	911	155	366
Transfer payments	405,006	47,506	76,056
Other subsidies and payments	1,787	365	982
Total net budgetary expenditures	488,318	66,637	114,982

Fiscal year 2022-2023 (in thousands of dollars)

Expenditures	Planned expenditures for the year ending March 31, 2023*	Expended during the quarter ended September 30, 2022	Year-to-date expended at quarter-end
Personnel	69,225	17,516	35,123
Transportation and communications	1,602	311	582
Information	663	73	201
Professional and special services	4,461	520	1,002
Rentals	2,547	313	948
Repair and maintenance	205	18	34
Utilities, materials and supplies	315	13	29

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Acquisition of machinery and equipment	1,350	117	251
Transfer payments	357,461	51,133	81,887
Other subsidies and payments	1,987	575	937
Total net budgetary expenditures	439,816	70,589	120,994

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