

Secretariat of the National Security and Intelligence Committee of Parliamentarians

Quarterly Financial Report For the quarter ended June 30, 2020

Table of Contents

- Introduction
- Mandate
- Basis of presentation
- Highlights of fiscal quarter and fiscal year to date results
- Risks and uncertainties
- Significant changes in relation to operations, personnel and programs
- Approval by senior officials
- Annexes A & B

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Introduction

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 Directive on Accounting Standards, GC 4400 Departmental Quarterly Financial Report. This quarterly financial report should be read in conjunction with the 2020-21 Main Estimates, as well as previous Quarterly Financial Reports. This quarterly report has not been subject to an external audit or review.

Mandate

The National Security and Intelligence Committee of Parliamentarians Act received Royal Assent on June 22, 2017. It formally establishes the Secretariat of the National Security and Intelligence Committee of Parliamentarians (the Secretariat). The Secretariat assists the National Security and Intelligence Committee of Parliamentarians in fulfilling its mandate, which is to review:

- The legislative, regulatory, policy, administrative and financial framework for national security and intelligence;
- Any activity carried out by a department that relates to national security or intelligence, unless the activity is an ongoing operation and the appropriate Minister determines that the review would be injurious to national security; and
- Any matter relating to national security or intelligence that a minister of the Crown refers to the Committee.

The Secretariat ensures the Committee receives timely access to relevant, classified information and strategic and expert advice in the conduct of reviews by the Committee. It assists in the development of reports and provides support to ensure compliance with security requirements.

As the Secretariat was created in 2017-18, no Program Alignment Architecture existed for reporting purposes. A Departmental Results Framework and accompanying Program Inventory are under development, to be completed during the 2020-21 fiscal year.

Basis of Presentation

This quarterly report has been prepared by management 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 2020-21 Main Estimates and Supplementary Estimates (as applicable) for 2020-21 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.

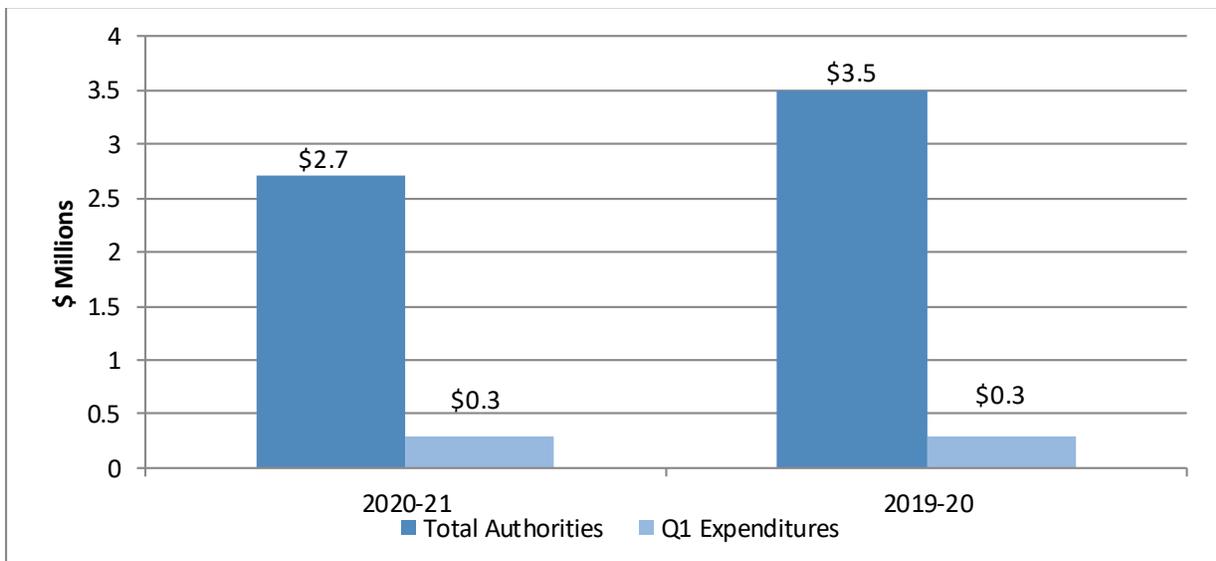
The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts, or through legislation in the form of statutory spending authority for specific purposes.

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

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

This section highlights the significant items that contributed to the net increase or decrease in authorities available for the year and actual expenditures for the quarter ended June 30, 2020.

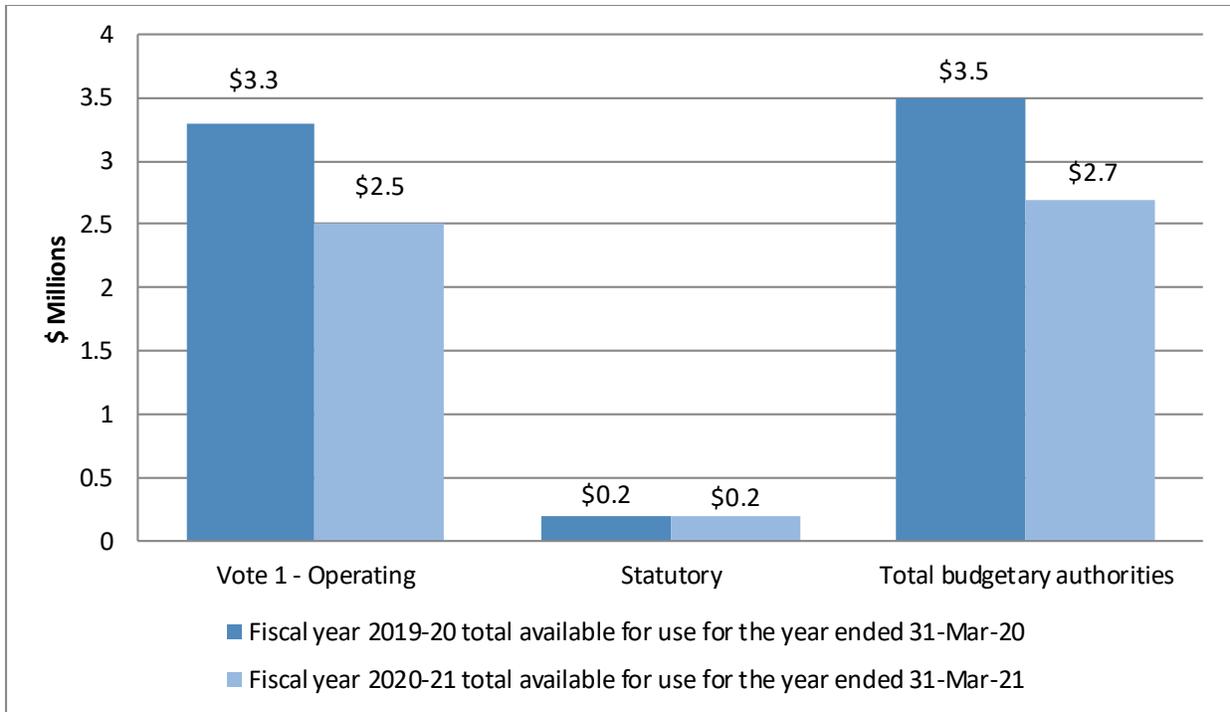
The Secretariat spent approximately 11% of its authorities by the end of the first quarter, compared to 9% in the same quarter of 2019-20 (see graph 1 below).



Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q1 2020-2021 and 2019-2020

Significant changes to authorities

As depicted in graph 2 below (as at June 30, 2020) and Table 1, presented at the end of this document, the Secretariat has authorities available for use of \$2.7 million in 2020-21 compared to \$3.5 million as of June 30, 2019, for a net decrease of \$0.8 million or 23%. The decrease of \$0.8 million in the authorities available for use is due to the reduced supply of the Main Estimates. Due to the COVID-19 pandemic and limited sessions in the spring for Parliament to study supply, the Standing Orders of the House of Commons were amended to extend the study period into the Fall. The Secretariat is expected to receive full supply for the 2020-21 Main Estimates in December 2020.



Graph 2: Variance in Authorities as at June 30, 2020

Significant changes to expenditures

Year-to-date expenditures recorded to the end of the first quarter increased by \$42K from previous year at the same time. Table 1 below presents budgetary expenditures by standard object.

Material Variances to Expenditures by Standard Object (in thousands of dollars)	Fiscal year 2020-21 Expended during the quarter ended 30-June-2020	Fiscal year 2019-20 Expended during the quarter ended 30-June-2019	Variance \$	Variance %
Personnel	339	262	77	29%
Transportation and communications	-	8	(8)	(107%)
Information	-	4	(4)	(105%)
Professional and special services	1	15	(14)	(93%)
Rentals	-	2	(2)	(111%)
Utilities, materials and supplies	-	2	(2)	(133%)
Acquisition of machinery and equipment	-	4	(4)	(93%)
Other subsidies and payments	0	1	(1)	(77%)
Total gross budgetary expenditures	340	298	42	14%

* Details may not add to totals due to rounding

Table 1 – Material variances to expenditures by standard object as of Q1 2020-2021 and 2019-2020

The total increase of \$42,000 is mainly related to an increase of \$77,000 in Personnel due to a timing difference in salary recovery costs. The total increase is offset by a decrease of \$35,000, due to a significant reduction in day-to-day Committee activities resulting from the COVID 19 pandemic.

The first months of the quarter coincided with the general confinement period and no on-site activities occurred. Secretariat employees worked remotely to begin preparations for the Committee's 2020 Annual Report and to finalize preparations for the Committee's upcoming reviews. Committee meetings were less frequent than in previous reporting periods.

In the latter portion of the quarter, the Secretariat facilitated Committee meetings via teleconference or secure video-conferencing. These activities incurred fewer expenses compared to previous reporting periods (e.g., fewer requirements for hospitality, simultaneous interpretation or translation).

Risks and Uncertainties

This Departmental Quarterly Financial Report reflects the results of the current fiscal period in relation to the 2020-21 Main Estimates. The ongoing pandemic presents a number of risks and uncertainties with regards to Committee and Secretariat business. The Secretariat is implementing or considering mitigation measures to ensure continuity of work.

The most important consideration is the security of information. The Committee and Secretariat use highly classified information to conduct reviews, and generally hold hearings at the Top Secret level. In this work, it is incumbent upon the Committee and Secretariat to ensure the proper safeguarding of classified information. For this reason, the organization will continue most activities within secure and accredited facilities while respecting appropriate health and safety protocols. To permit some flexibility in the face of exigent circumstances, the Secretariat has arranged for the Committee to conduct some meetings through the secure video-conference infrastructure of a security and intelligence organization. However, this option is subject to competing operational demands of the organization itself and may only be available intermittently.

In terms of costs, the pandemic has not exerted any additional financial pressures and the Secretariat anticipates continuing operations within its existing funding envelope.

Significant changes in relation to operations, personnel and programs

Beyond an initial reduction in activity during the confinement period of the pandemic, the Secretariat has maintained operations with a blend of remote work and on-site activities.

While the pandemic has delayed the Committee's review schedule and other planned activities in 2020, the Secretariat anticipates a ramp up of its review activities during the forthcoming months.

During this quarter, one full-time employee retired from the Public Service.

Approval by Senior Officials

Rennie Marcoux, Executive Director
Ottawa, Ontario
Signed August 19, 2020

Sean Jorgensen, Director of Operations and Chief Financial Officer
Ottawa, Ontario
Signed August 19, 2020

Secretariat of the National Security and Intelligence Committee of Parliamentarians
 Quarterly Financial Report
 For the quarter ended June 30, 2020

STATEMENT OF AUTHORITIES (unaudited) (note 2)

<i>(In dollars)</i>	Fiscal year 2020-21			Fiscal Year 2019-20		
	Total available for use for the year ending March 31, 2021 (note 1)	Used during the quarter ended June 30, 2020	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2020 (note 1)	Used during the quarter ended June 30, 2019	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	2,498,309	285,411	285,411	3,271,323	242,735	242,735
Budgetary statutory authorities						
Contributions to employee benefits plans	218,588	54,647	54,647	219,405	54,851	54,851
Total budgetary authorities	2,716,897	340,058	340,058	3,490,728	297,587	297,587
TOTAL AUTHORITIES	2,716,897	340,058	340,058	3,490,728	297,587	297,587

Note 1: Includes only Authorities available for use and granted by Parliament at quarter-end for each respective fiscal year.

Note 2: Details may not add to totals due to rounding.

Secretariat of the National Security and Intelligence Committee of Parliamentarians
 Quarterly Financial Report
 For the quarter ended June 30, 2020
 Departmental budgetary expenditures by Standard Object *(unaudited) (note 2)*

	Fiscal year 2020-21			Fiscal Year 2019-20		
	Planned expenditures for the year ending March 31, 2021 (note 1)	Expended during the quarter ended June. 30, 2020	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2020 (note 1)	Used during the quarter ended June 30, 2019	Year-to-date used at quarter-end
<i>(In dollars)</i>						
Budgetary expenditures						
Personnel	1,326,297	338,747	338,747	1,653,425	262,324	262,324
Transportation and communications	72,579	-	-	330,004	7,458	7,458
Information	59,530	-	-	56,003	3,800	3,800
Professional and special services	1,010,042	1,161	1,161	1,137,921	15,068	15,068
Rentals	67,430	-	-	87,491	1,840	1,840
Repair and maintenance	11,717	-	-	100,000	-	-
Utilities, materials and supplies	13,328	-	-	15,337	1,474	1,474
Acquisition of machinery and equipment	155,974	-	-	110,547	4,317	4,317
Other subsidies and payments	-	150	150	-	1,305	1,305
Total gross budgetary expenditures	2,716,897	340,058	340,058	3,490,728	297,587	297,587
TOTAL BUDGETARY EXPENDITURES	2,716,897	340,058	340,058	3,490,728	297,587	297,587

Note 1: Includes only Authorities available for use and granted by Parliament at quarter-end for each respective fiscal year.

Note 2: Details may not add to totals due to rounding