# National Security and Intelligence Review Agency

## Quarterly Financial Report

**Statement outlining results, risks and significant changes in operations, personnel and program**

**For the quarter ended December 31, 2020**

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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.*

A summary description of the National Security and Intelligence Review Agency Secretariat (NSIRA) program activities can be found in Part II of the *Main Estimates.* For information on the mandate of NSIRA, please visit its website at http://www.nsira-ossnr.gc.ca.

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

## Mandate

The NSIRA is an independent external review body, which reports to Parliament. NSIRA was established in July of 2019 and is responsible to conduct reviews of the

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Government of Canada national security and intelligence activities to ensure that they are lawful, reasonable and necessary. NSIRA also hears public complaints regarding key national security agencies and activities. NSIRA replaces the Security Intelligence Review Committee (SIRC), which reviewed CSIS (Canadian Security Intelligence Service) activities as well as those related to the revocation or denial of security clearances. It also hears complaints regarding the Communication Security Establishment (CSE), as well as national security-related complaints regarding the RCMP.

### 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*. This quarterly report has been prepared using a special purpose financial reporting framework (cash basis) 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.

### Highlights of Fiscal Quarter and Fiscal Year to Date 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 December 31, 2020.

NSIRA spent approximately 28% of its authorities by the end of the third quarter, compared to 15% in the same quarter of 2019-20 (see graph 1 below).

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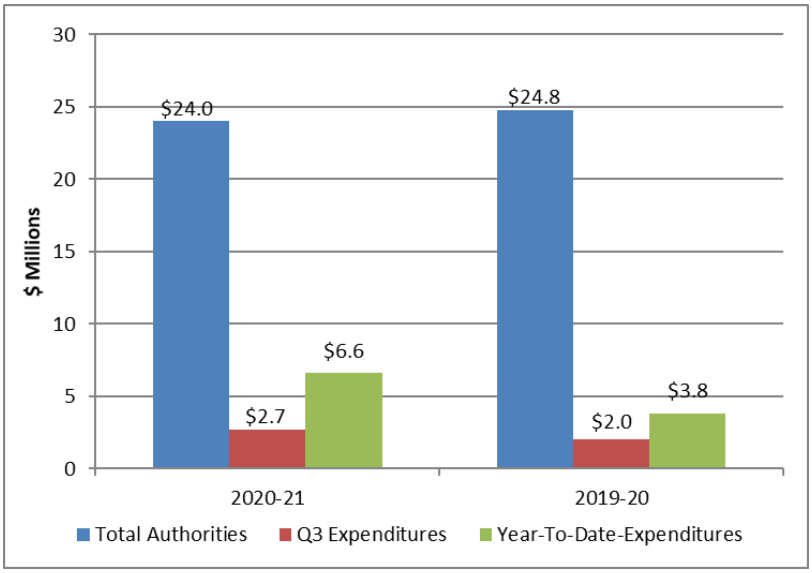
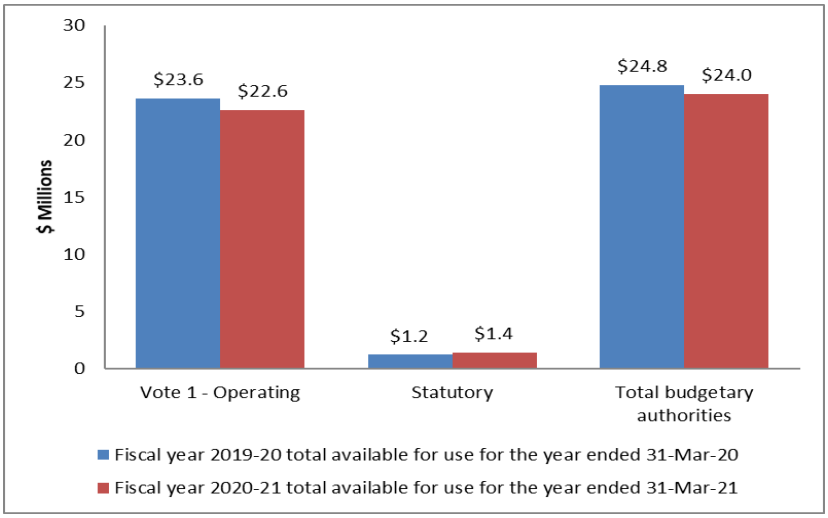
### Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q3 2020-21 and 2019-20




### Significant changes to authorities

As per graph 2 below as at December 31, 2020, NSIRA had authorities available for use of $24.0 million in 2020-21 compared to $24.8 million as of December 31, 2019, for a net decrease of $0.8 million or 3.2%.

### Graph 2: Variance in Authorities as at December 31, 2020




The authorities' decrease of $0.8 million is mostly explained by a transfer of funding to CSE for the fit-up and maintenance of office space.

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### Significant changes to quarter expenditures

The third quarter expenditures totaled $2.7M for an increase of $0.7M when compared to $2.0M spent during the same period in 2019-20. Table 1 below presents budgetary expenditures by standard object.

**Table 1**

| Material Variances to Expenditures by Standard Object<br>(in thousands of dollars) | Fiscal year 2020-21 Expended during the quarter ended 31-December-2020 | Fiscal year 2019-20 Expended during the quarter ended 31-December-2019 | Variance $ | Variance % |
|---|---|---|---|---|
| Personnel | 1,732 | 1,504 | 228 | 15% |
| Transportation and communications | 19 | 99 | (80) | (81%) |
| Information | 37 | 3 | 34 | 1133% |
| Professional and special services | 389 | 377 | 12 | 3% |
| Rentals | 41 | 4 | 37 | 925% |
| Repair and maintenance | 189 | 47 | 142 | 302% |
| Utilities, materials and supplies | 21 | 14 | 7 | 50% |
| Acquisition of machinery and equipment | 257 | 6 | 251 | 4183% |
| Other subsidies and payments | (13) | (68) | 55 | (81%) |
| **Total gross budgetary expenditures** | **2,671** | **1,985** | **686** | **35%** |

** Details may not add to totals due to rounding*

*Personnel*

The increase of $0.2M relates to additional staffing to support NSIRA's new departmental mandate as well as higher statutory expenditures in 2020-21.

*Transportation and communications*

The decrease of $80K is mainly explained by the absence of travel due to the COVID-19 pandemic.

*Information*

The increase of $34K is explained by a contract for communication services.

*Rentals*

The increase of $37K is mostly due to new fees paid for the maintenance of NSIRA's Finance and HR systems.

*Repair and maintenance*

*The increase* of $142K is explained by office accommodation fit-up costs.

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*Utilities, Materials and Supplies*

The increase of $7K is mainly explained by higher expenditures for cleaning supplies and personal protective equipment due to the pandemic.

*Acquisition of machinery and equipment*

The increase of $251K is mainly explained by furniture acquisitions and office redesign to accommodate more employees and to equip NSIRA personnel to work from home.

*Other Subsidies and payments*

The increase of $55K is explained by fewer salary overpayment recoveries processed in the third quarter of 2020-21 compared to 2019-20.

### Significant changes to year-to-date expenditures

Year-to-date expenditures recorded to the end of the third quarter totaled $6.7M for an increase of $2.8M when compared to the same year-to-date expenditures in 2019-20. Table 2 below presents budgetary expenditures by standard object.

**Table 2**

| **Material Variances to Expenditures by Standard Object**<br>(in thousands of dollars) | **YTD Expenditures as of 31-December-2020** | **YTD Expenditures as of 31-December-2019** | **Variance $** | **Variance %** |
|---|---|---|---|---|
| Personnel | 5,072 | 2,814 | 2,258 | 80% |
| Transportation and communications | 37 | 184 | (147) | (80%) |
| Information | 78 | 7 | 71 | 1014% |
| Professional and special services | 731 | 555 | 176 | 32% |
| Rentals | 104 | 43 | 61 | 142% |
| Repair and maintenance | 247 | 53 | 194 | 366% |
| Utilities, materials and supplies | 28 | 20 | 8 | 40% |
| Acquisition of machinery and equipment | 300 | 35 | 265 | 757% |
| Other subsidies and payments | 28 | 76 | (48) | (63%) |
| **Total gross budgetary expenditures** | **6,626** | **3,786** | **2,840** | **75%** |

** Details may not add to totals due to rounding*

*Personnel*

The increase of $2.3M is mainly explained by additional staffing to support NSIRA's new departmental mandate as well as higher statutory payments.

*Transportation and communications*

The decrease of $147K is mainly explained by the absence of travel due to the COVID-19 pandemic.

*Information*

The increase of $71K is explained by higher expenditures for electronic subscriptions and communication consultants.

*Professional and special services*

The increase of $176K is mainly due to additional management consulting contracts.

*Rentals*

The increase of $61K is mostly explained by new fees paid for the maintenance of NSIRA's corporate information technology systems.

*Repair and maintenance*

The increase of $194K is mainly due to office accommodation fit-up costs.

*Utilities, Materials and Supplies*

The increase of $8K is mainly explained by higher expenditures of cleaning supplies and personal protective equipment due to the pandemic.

*Acquisition of machinery and equipment*

The increase of $265K is mainly explained by furniture acquisitions and office redesign to accommodate more employees and to support home offices.

*Other Subsidies and payments*

The decrease of $48K is due to multiple salary overpayments processed in the first three quarters of 2019-20.

## Risks and Uncertainties

The COVID-19 pandemic had a significant impact on the ability of NSIRA to grow its organization in a way that is commensurate with its new mandate. The physical distancing requirements decreased the ability of staff to concurrently work with

departments and agencies subject to reviews. In light of that, NSIRA revised its Review Plan and has advanced the introduction of a new approach to the review of complaints.

The ability to hire a sufficient number of qualified personnel within relevant timelines remains a short- and medium-term risk for NSIRA, particularly given the specialized knowledge and skillset required for many positions. This is further compounded by the requirement for candidates to obtain a Top Secret security clearance, which can incur significant delays, especially during the pandemic.

While NSIRA has been able to secure temporary space to address its immediate space requirements, significant delays have been incurred for the fit-up of this space due to the pandemic. The timing at which staff will be able to operate within this high security zone has yet to be determined. NSIRA is working closely with Public Services and Procurement Canada and Shared Services Canada to expedite the office expansion plans.

The ability of NSIRA to access the information it needs to do its work and speak to the relevant stakeholders to understand policies, operations and ongoing issues is closely tied to the reviewed departments' and agencies' capacity to respond to the demands of NSIRA. The pandemic impacts including the ability to conduct classified work at the workplace combined with existing resource constraints of the reviewed departments and agencies could delay NSIRA's ability to deliver on its mandate in a timely way.

NSIRA is closely monitoring pay transactions to identify and address over and under payments in a timely manner and continues to apply ongoing mitigating controls, which were implemented in 2016.

Mitigation measures for the risks outlined above have been identified and are factored into NSIRA's approach to the conduct of its mandate.

## Significant Changes In Relation To Operations, Personnel and Programs

The pandemic forced changes in the way NSIRA conducts operations. The requirement for physical distancing and the existing challenge with respect to the high security zone accommodation has led NSIRA to authorize staff to work with non-sensitive files from home.

In September 2020, Murray Rankin stepped down as Chair of NSIRA. The Honourable L. Yves Fortier was named acting Chair until the end of his term. Since, The Honourable Dr. Ian Holloway acted as Chair and now The Honourable Marie-Lucie Morin has been reappointed as acting Chair.

In addition, Faisal Mirza has been appointed as a new member of NSIRA.

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There have been no changes to the NSIRA Program.

Approved by Senior Officials:

| | |
|---|---|
| John Davies<br>Executive Director | Pierre Souligny<br>Senior Director, Corporate Services,<br>Chief Financial Officer |

*Ottawa, Canada*
*Date:*

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## STATEMENT OF AUTHORITIES *(unaudited) (note 2)*

| *(In thousands of dollars)* | Fiscal year 2020-2021 | | | Fiscal year 2019-2020 | | |
|---|---|---|---|---|---|---|
| | Total available for use for the year ending March 31, 2021 (note 1) | Used during the quarter ended December 31, 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 December 31, 2019 | Year-to-date used at quarter-end |
| Vote 1 - Net operating expenditures | **22,565** | **2,300** | **5,513** | 23,618 | 1,854 | 3,392 |
| Budgetary statutory authorities - Contributions to employee benefit plans | **1,484** | **371** | **1,113** | 1,240 | 131 | 394 |
| Total budgetary authorities | **24,049** | **2,671** | **6,626** | 24,858 | 1,985 | 3,786 |
| TOTAL AUTHORITIES | **24,049** | **2,671** | **6,626** | 24,858 | 1,985 | 3,786 |

Note 1: Includes only Authorities available for use and granted by Parliament at quarter-end

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

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## Departmental budgetary expenditures by Standard Object *(unaudited) (note 2)*

| *(In thousands of dollars)* | Fiscal year 2020-2021 | | | Fiscal year 2019-2020 | | |
|---|---|---|---|---|---|---|
| | Planned expenditures for the year ending March 31, 2021 (note 1) | Expended during the quarter ended December 31, 2020 | Year-to-date used at quarter-end | Planned expenditures for the year ending March 31, 2020 (note 1) | Expended during the quarter ended December 31, 2019 | Year-to-date used at quarter-end |
| **Expenditures** | | | | | | |
| Personnel | **11,512** | **1,732** | **5,072** | 8,677 | 1,504 | 2,814 |
| Transportation and communications | **1,162** | **19** | **37** | 961 | 99 | 184 |
| Information | **364** | **37** | **78** | 402 | 3 | 7 |
| Professional and special services | **3,250** | **389** | **731** | 3,353 | 377 | 555 |
| Rentals | **237** | **41** | **104** | 229 | 4 | 43 |
| Repair and maintenance | **6,681** | **189** | **247** | 9,641 | 47 | 53 |
| Utilities, materials and supplies | **173** | **21** | **28** | 179 | 14 | 20 |
| Acquisition of machinery and equipment | **393** | **257** | **299** | 1,356 | 6 | 35 |
| Other subsidies and payments | **278** | **(13)** | **28** | 60 | **(68)** | 76 |
| Total gross budgetary expenditures | **24,049** | **2,671** | **6,626** | 24,858 | 1,985 | 3,786 |
| TOTAL AUTHORITIES | **24,049** | **2,671** | **6,626** | 24,858 | 1,985 | 3,786 |

Note 1: Includes only Authorities available for use and granted by Parliament at quarter-end

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