National Security and Intelligence Review Agency

Quarterly financial report for the quarter ended December 31, 2021

Statement outlining results, risks and significant changes in operations, personnel and programs

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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 *2021–22 Main Estimates*.

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

Mandate

The National Security and Intelligence Review Agency (NSIRA) is an independent external review body that reports to Parliament. Established in July 2019, NSIRA is responsible for conducting reviews of the Government of Canada's 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 their activities.

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A summary description NSIRA's program activities can be found in *Part II of the Main Estimates*. Information on NSIRA's mandate can be found on its website.

Basis of presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the agency's spending authorities granted by Parliament and those used by the agency, consistent with the *2021–22 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 money 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 authorities for specific purposes.

Highlights of the 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, 2021.

NSIRA spent approximately 33% of its authorities by the end of the third quarter, compared with 28% in the same quarter of 2020–21 (see graph 1).

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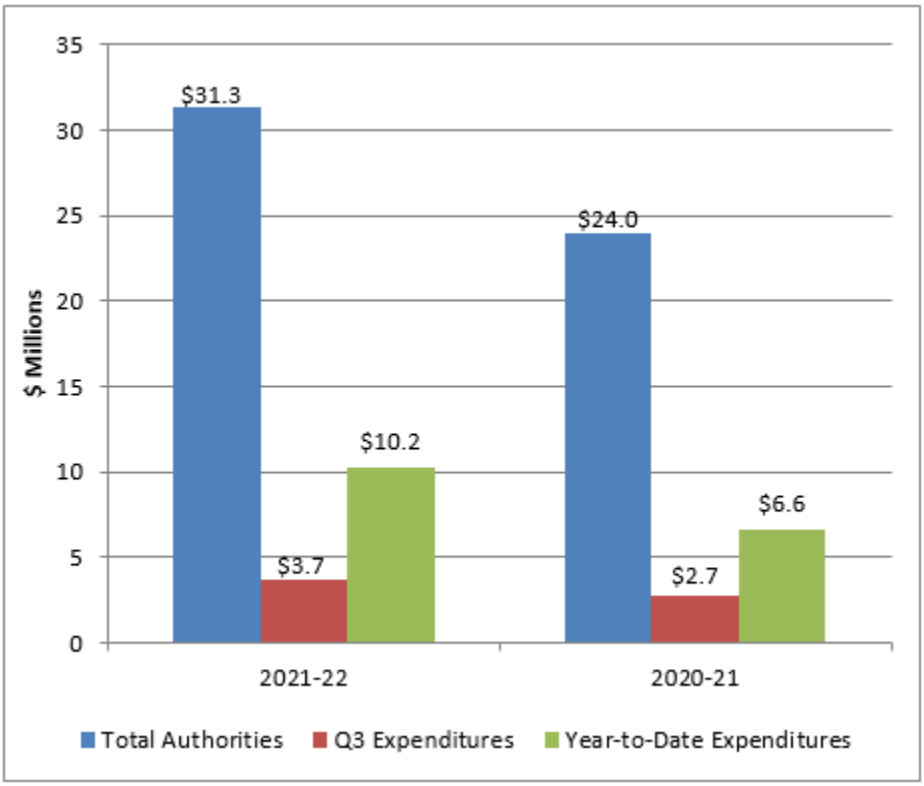
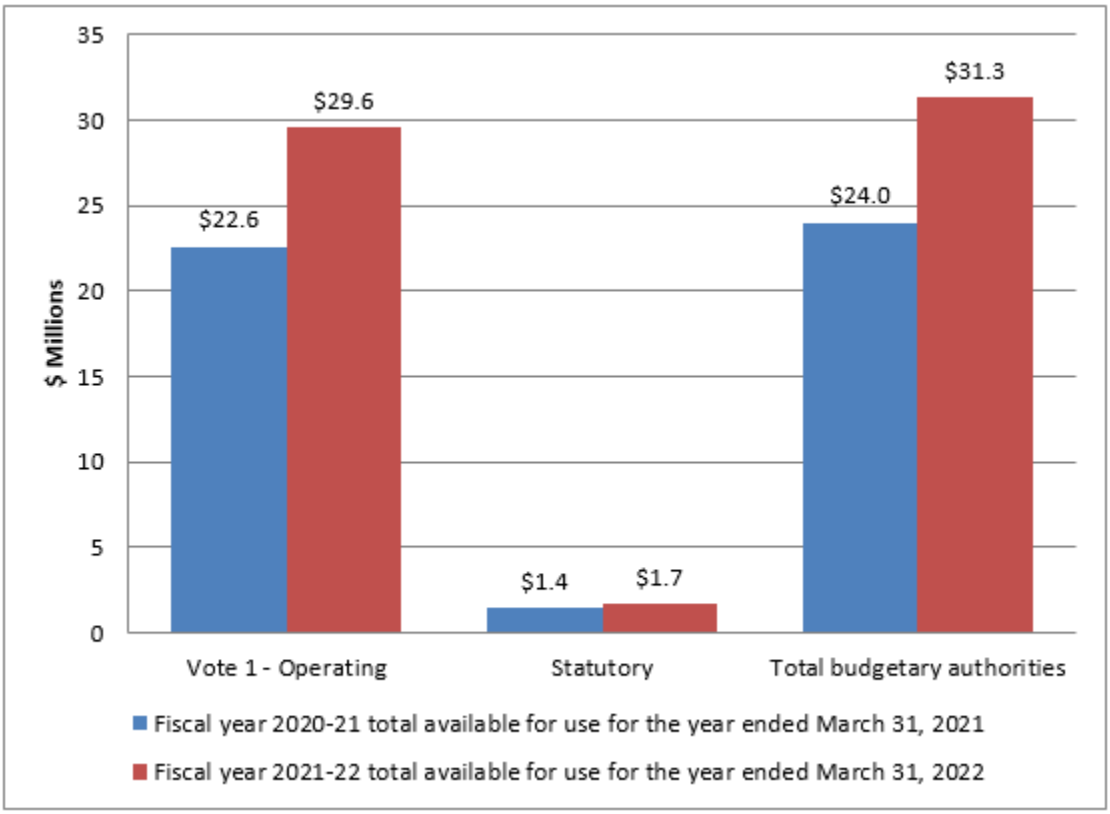
Graph 1: Comparison of total authorities and total net budgetary expenditures, Q3 2021–22 and Q3 2020–21



Significant changes to authorities

As at December 31, 2021, Parliament had approved $31.3 million in total authorities for use by NSIRA for 2021–22 compared with $24.0 million as of December 31, 2020, for a net increase of $7.3 million or 30.4% (see graph 2).

Graph 2: Variance in authorities as at December 31, 2021



The increase of $7.3 million in authorities is mostly explained by the ramp-up of approved funding for the mandate of NSIRA and the approval of a funding re-profile into fiscal year 2021–22 for accommodation and infrastructure projects.

Significant changes to quarter expenditures

The third quarter expenditures totalled $3.7 million for an increase of $1.0 million when compared with $2.7 million spent during the same period in 2020–21. Table 1 presents budgetary expenditures by standard object.

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Table 1

Variances in expenditures by standard object (in thousands of dollars)	Fiscal year 2021–22: expended during the quarter ended December 31, 2021	Fiscal year 2020–21: expended during the quarter ended December 31, 2020	Variance $	Variance %
Personnel	2,654	1,732	922	53%
Transportation and communications	93	19	74	389%
Information	24	37	(13)	(35%)
Professional and special services	404	389	15	4%
Rentals	64	41	23	56%
Repair and maintenance	398	189	209	111%
Utilities, materials and supplies	13	21	(8)	(38%)
Acquisition of machinery and equipment	72	258	(185)	(72%)
Other subsidies and payments	(22)	(13)	(9)	69%
Total gross budgetary expenditures	**3,700**	**2,671**	**1,029**	**39%**

Details may not sum to totals due to rounding

Personnel

The increase of $922,000 relates to additional staffing to support NSIRA's mandate.

Transportation and communications

The increase of $74,000 relates to new internet connections as part of the office accommodation fit-up costs.

Repair and maintenance

The increase of $209,000 is explained by office accommodation fit-up costs.

Acquisition of machinery and equipment

The decrease of $185,000 is mainly explained by capital costs not needed in 2021–22 because they were ramp-up and pandemic-related expenditures in 2020–21: buying furniture acquisitions, redesigning office space to accommodate more employees, and equipping NSRIA personnel to work from home.

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Significant changes to year-to-date expenditures

The year-to-date expenditures totalled $10.2 million for an increase of $3.6 million (54%) when compared with $6.6 million spent during the same period in 2020–21. Table 2 presents budgetary expenditures by standard object.

Table 2

Variances in expenditures by standard object (in thousands of dollars)	**Fiscal year 2021–22: year-to-date expenditures as of December 31, 2021**	**Fiscal year 2020–21: year-to-date expenditures as of December 31, 2020**	**Variance $**	**Variance %**
Personnel	7,407	5,072	2,335	46%
Transportation and communications	130	37	93	251%
Information	41	78	(37)	(47%)
Professional and special services	1,440	731	709	97%
Rentals	81	104	(23)	(22%)
Repair and maintenance	611	247	364	147%
Utilities, materials and supplies	25	28	(3)	(11%)
Acquisition of machinery and equipment	446	300	146	49%
Other subsidies and payments	18	28	(10)	(36%)
Total gross budgetary expenditures	**10,199**	**6,626**	**3,573**	**54%**

Details may not sum to totals due to rounding

Personnel

The increase of $2,335,000 relates to additional staffing to support NSIRA's mandate.

Transportation and communications

The increase of $93,000 is mainly explained by the installation of new internet connections as part of the office accommodation fit-up costs, and some relocation and travel expenses.

Professional and special services

The increase of $709,000 is mainly due to information technology support services by the Communications Security Establishment and an increased use of procurement advisory services.

Repair and maintenance

The increase of $364,000 is explained by office accommodation fit-up costs.

Acquisition of machinery and equipment

The increase of $146,000 is mainly explained by informatics equipment acquisitions.

Risks and uncertainties

The ability of NSIRA to access the information it needs to conduct its reviews and complaints investigations is closely tied to the capacity of the reviewed or investigated departments and agencies to respond to NSIRA's demands. The pandemic continues to hinder the agency's ability to conduct classified work in the workplace. When combined with existing resource constraints of the reviewed departments and agencies, the conduct of reviews continues to be delayed.

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.

Mitigation measures for the risks outlined above have been identified and are factored into NSIRA's approach and timelines for the execution of its mandated activities.

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Significant changes in relation to operations, personnel and programs

There have been no new Governor-in-Council appointments during the third quarter.

There have been no changes to the NSIRA Program.

Approved by senior officials:

_____	_____
John Davies Executive Director	Pierre Souligny Senior Director, Corporate Services, Chief Financial Officer

Ottawa, Canada
Date:

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Appendix

Statement of authorities (unaudited)

(in thousands of dollars)	Fiscal year 2021–22			Fiscal year 2020–21		
	Total available for use for the year ending March 31, 2022 (note 1)	**Used during the quarter ended December 31, 2021**	**Year to date used at quarter-end**	**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**
Vote 1 – Net operating expenditures	**29,615**	**3,274**	**8,921**	22,565	2,300	5,513
Budgetary statutory authorities						
Contributions to employee benefit plans	**1,705**	**426**	**1,278**	1,484	371	1,113
Total budgetary authorities (note 2)	**31,319**	**3,700**	**10,199**	24,049	2,671	6,626

Note 1: Includes only authorities available for use and granted by Parliament as at quarter-end.
Note 2: Details may not sum to totals due to rounding.

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Departmental budgetary expenditures by standard object (unaudited)

(in thousands of dollars)	Fiscal year 2021–22			Fiscal year 2020–21		
	Planned expenditures for the year ending March 31, 2022 (note 1)	**Expended during the quarter ended December 31, 2021**	**Year-to-date used at quarter-end**	**Planned expenditures for the year ending March 31, 2021**	**Expended during the quarter ended December 31, 2020**	**Year-to-date used at quarter-end**
Expenditures						
Personnel	**13,222**	**2,654**	**7,407**	11,510	1,732	5,072
Transportation and communications	**673**	**93**	**130**	1,162	19	37
Information	**375**	**24**	**41**	364	37	78
Professional and special services	**7,029**	**404**	**1,440**	3,250	389	731
Rentals	**188**	**64**	**81**	237	41	104
Repair and maintenance	**8,737**	**398**	**611**	6,681	189	247
Utilities, materials and supplies	**103**	**13**	**25**	173	21	28
Acquisition of machinery and equipment	**991**	**72**	**446**	393	257	300
Other subsidies and payments	**0**	**(22)**	**18**	278	(13)	28
Total gross budgetary expenditures (note 2)	**31,319**	**3,700**	**10,199**	24,049	2,671	6,626

Note 1: Includes only authorities available for use and granted by Parliament as at quarter-end.
Note 2: Details may not sum to totals due to rounding.