National Security and Intelligence Review Agency

Quarterly financial report for the quarter ended December 31st, 2022

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

Table of Contents

- Introduction
- Mandate
- Basis of presentation
- Highlights of the fiscal quarter and fiscal year-to-date results
    - Significant changes to authorities
    - Significant changes to quarter expenditures
    - Significant changes to year-to-date expenditures
- Risks and uncertainties
- Significant changes in relation to operations, personnel and programs
- Approval by senior officials
- Appendix

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 2022–23 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.

National Security and Intelligence Review Agency

Quarterly financial report for the quarter ended December 31st, 2022

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 2022–23 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

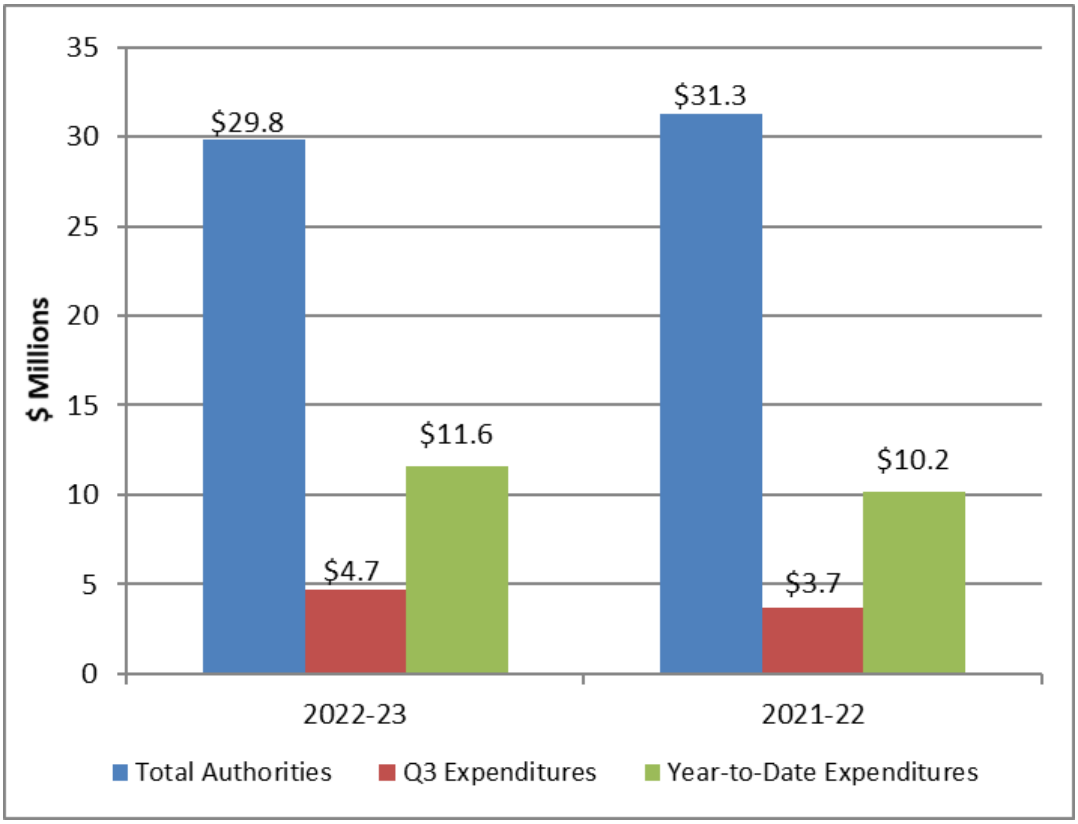
This section highlights the significant items that contributed to the net increase or decrease in authorities available for the year and actual expenditures for the quarter ended December 31st, 2022.

NSIRA spent approximately 39% of its authorities by the end of the third quarter, compared with 33% in the same quarter of 2021–22 (see graph 1).

National Security and Intelligence Review Agency

Quarterly financial report for the quarter ended December 31st, 2022

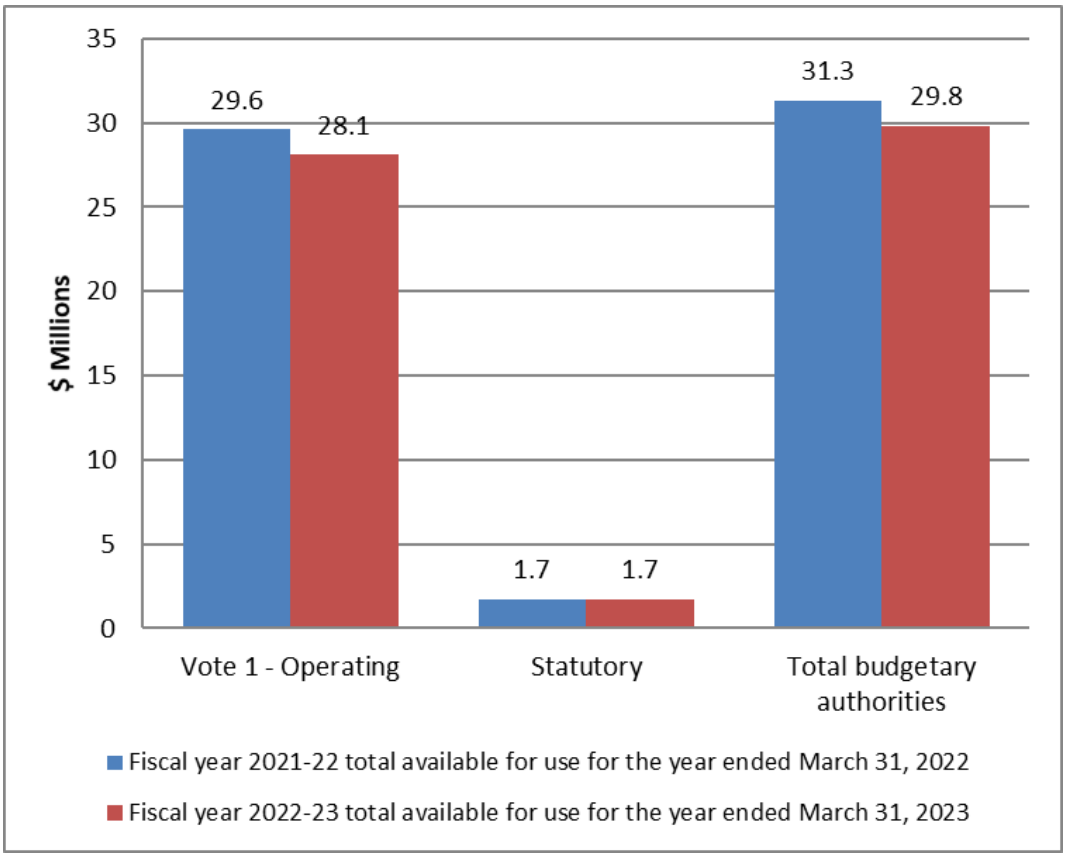
Graph 1: Comparison of total authorities and total net budgetary expenditures, Q3 2022–23 and Q3 2021–22



Significant changes to authorities

As at December 31, 2022, Parliament had approved $29.8 million in total authorities for use by NSIRA for 2022–23 compared with $31.3 million as of December 31st, 2021, for a net decrease of $1.5 million or 4.8% (see graph 2).

Graph 2: Variance in authorities as at December 31, 2022



Details may not sum to totals due to rounding

The decrease of $1.5 million in authorities is mostly explained by a gradual reduction in NSIRA's ongoing operating funding.

Significant changes to quarter expenditures

The third quarter expenditures totalled $4.7 million for an increase of $1.0 million (26%) when compared with $3.7 million spent during the same period in 2021–2022. Table 1 presents budgetary expenditures by standard object.

National Security and Intelligence Review Agency

Quarterly financial report for the quarter ended December 31st, 2022

Table 1

Variances in expenditures by standard object (in thousands of dollars)	**Fiscal year 2022-23: expended during the quarter ended December 31, 2022**	**Fiscal year 2021-22: expended during the quarter ended December 31, 2021**	**Variance $**	**Variance %**
Personnel	2,503	2,654	(151)	(6%)
Transportation and communications	82	93	(11)	(12%)
Information	4	24	(20)	(83%)
Professional and special services	1,271	404	867	215%
Rentals	83	64	19	30%
Repair and maintenance	685	398	287	72%
Utilities, materials and supplies	21	13	8	62%
Acquisition of machinery and equipment	2	72	(70)	(97%)
Other subsidies and payments	17	(21)	38	(181%)
Total gross budgetary expenditures	**4,668**	**3,701**	**967**	**26%**

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

Information

The decrease of $20,000 is explained by a decrease in the use of communications consultants.

Professional and special services

The increase of $867,000 is explained by the timing of payment for NSIRA's internal support services agreement with the Privy Council Office. In fiscal year 2021-2022 most of the payments went through in the fourth quarter however in fiscal year 2022-2023, most of the payments went through in the third quarter.

Repair and maintenance

The increase of $287,000 is due to fit-up costs for one large infrastructure project that ramped up in 2022-2023.

Acquisition of machinery and equipment

The decrease of $70,000 is explained by several one-time computer equipment and storage solution purchases in fiscal year 2021-2022.

Other subsidies and payments

The increase of $38,000 is explained by an increase in payroll system overpayments.

Significant changes to year-to-date expenditures

The year-to-date expenditures totalled $11.6 million for an increase of $1.4 million (14%) when compared with $10.2 million spent during the same period in 2021–22. Table 2 presents budgetary expenditures by standard object.

Table 2

Variances in expenditures by standard object (in thousands of dollars)	**Fiscal year 2022-23: year-to-date expenditures as of December 31, 2022**	**Fiscal year 2021-22: year-to-date expenditures as of December 31, 2021**	**Variance $**	**Variance %**
Personnel	7,751	7,407	344	5%
Transportation and communications	196	130	66	51%
Information	9	41	(32)	(78%)
Professional and special services	2,695	1,440	1,255	87%
Rentals	132	81	51	63%
Repair and maintenance	749	611	138	23%
Utilities, materials and supplies	49	25	24	96%
Acquisition of machinery and equipment	15	446	(431)	(97%)
Other subsidies and payments	18	19	(1)	(5%)
Total gross budgetary expenditures	**11,614**	**10,200**	**1,414**	**14%**

Details may not sum to totals due to rounding

Transportation and communications

The increase of $66,000 is due to increased travel, as travel restrictions due to COVID-19 are no longer in place in Canada.

Information

The decrease of $32,000 is explained by a decrease in the use of communications consultants and electronic subscriptions.

Professional and special services

The increase of $1,255,000 is mainly due to increases in information technology support services by the Communications Security Establishment ($173K), and more advanced billing for Internal Support Services by the Privy Council Office ($722K).

Rentals

The increase of $51,000 is mainly explained by the purchase of Visio Pro, Project Pro, and FoxIT software licenses in 2022-2023.

Repair and maintenance

The increase of $138,000 is due to fit-up costs for one large infrastructure project that ramped up in 2022-2023.

Acquisition of machinery and equipment

The decrease of $431,000 is mainly explained by several one-time computer equipment purchases made in the first and second quarter of 2021-2022.

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. While most pandemic constraints have subsided, there continues to be recruitment challenges in a tight labour market. To address this challenge, NSIRA is experimenting with hybrid workplace approaches, launching internal career development programs and focusing on onboarding practices to attract and retain talent.

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.

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:

National Security and Intelligence Review Agency

Quarterly financial report for the quarter ended December 31st, 2022

Appendix

Statement of authorities (unaudited)

(in thousands of dollars)	Fiscal year 2022–23			Fiscal year 2021–22		
	Total available for use for the year ending March 31, 2023 (note 1)	**Used during the quarter ended December 30, 2022**	**Year to date used at quarter-end**	**Total available for use for the year ending March 31, 2022 (note 1)**	**Used during the quarter ended December 30, 2021**	**Year to date used at quarter-end**
Vote 1 – Net operating expenditures	**28,063**	**4,236**	**10,318**	29,615	3,275	8,922
Budgetary statutory authorities						
Contributions to employee benefit plans	**1,728**	**432**	**1,296**	1,705	426	1,278
Total budgetary authorities (note 2)	**29,791**	**4,668**	**11,614**	31,319	3,701	10,200

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.

National Security and Intelligence Review Agency

Quarterly financial report for the quarter ended December 31st, 2022

Departmental budgetary expenditures by standard object (unaudited)

(in thousands of dollars)	Fiscal year 2022–23			Fiscal year 2021–22		
	Planned expenditures for the year ending March 31, 2022 (note 1)	**Expended during the quarter ended December 30, 2021**	**Year-to-date used at quarter-end**	**Planned expenditures for the year ending March 31, 2021**	**Expended during the quarter ended December 30, 2020**	**Year-to-date used at quarter-end**
Expenditures						
Personnel	**13,389**	**2,503**	**7,751**	13,222	2,654	7,407
Transportation and communications	**597**	**82**	**196**	673	93	130
Information	**372**	**4**	**9**	375	24	41
Professional and special services	**4,902**	**1,271**	**2,695**	7,029	404	1,440
Rentals	**271**	**83**	**132**	188	64	81
Repair and maintenance	**9,722**	**685**	**749**	8,737	398	611
Utilities, materials and supplies	**173**	**21**	**49**	103	13	25
Acquisition of machinery and equipment	**232**	**2**	**15**	991	72	446
Other subsidies and payments	**133**	**17**	**18**	0	(21)	19
Total gross budgetary expenditures (note 2)	**29,791**	**4,668**	**11,614**	31,319	3,701	10,200

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.