

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 September 30, 2019

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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 2019-20 *Main Estimates*.

A summary description of the National Security and Intelligence Review Agency (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

On June 21, 2019 the National Security and Intelligence Review Agency Act received Royal Assent as part of former Bill C-59, the National Security Act. This new legislation, which came into force on July 12, 2019, significantly alters Canada's review framework for national security in Canada, and builds on earlier decisions to create a National Security and Intelligence Committee of Parliamentarians (NSICOP). The NSIRA replaces Security Intelligence Review Committee (SIRC), which reviewed the Canadian Security Intelligence Service (CSIS) and it also replaces the Office of the CSE Commissioner (OCSEC), which reviewed the Communications Security Establishment (CSE).

The National Security and Intelligence Review Agency (NSIRA) is an independent and external review body which reports to Parliament. The NSIRA reviews all Government of Canada national security and intelligence activities to ensure that they are lawful, reasonable and necessary. The NSIRA also hears public complaints regarding key national security agencies and activities.

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The NSIRA will report its findings and recommendations on an annual basis to Parliament. The NSIRA's first annual public report will be tabled in 2020. The NSIRA may also report to Parliament more frequently should urgent or important matters arise. The NSIRA is also required to produce an annual report for Parliament on the disclosure of information under the Security of Canada Information Disclosure Act.

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 2019-20 *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.

NSIRA 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 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 September 30, 2019.

NSIRA spent approximately 34% of its authorities by the end of the second quarter, compared to 40% in the same quarter of 2018-19 (see graph 1 below).

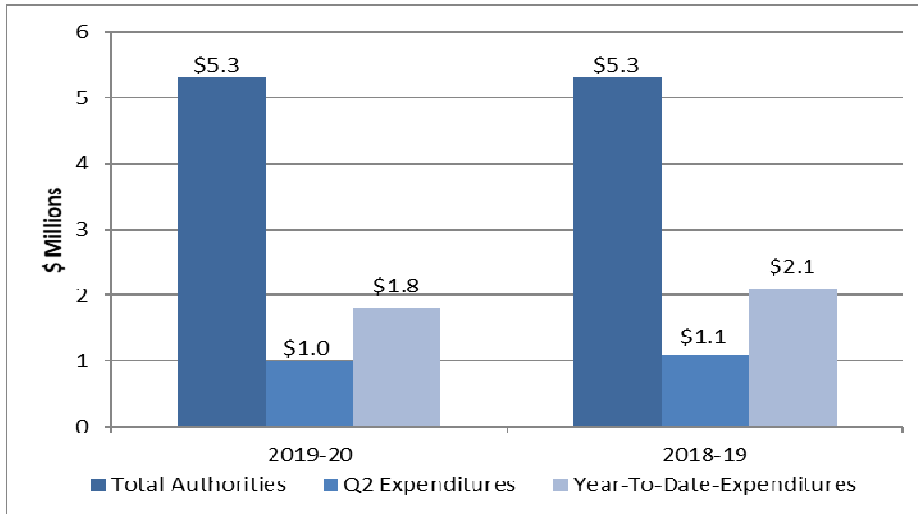
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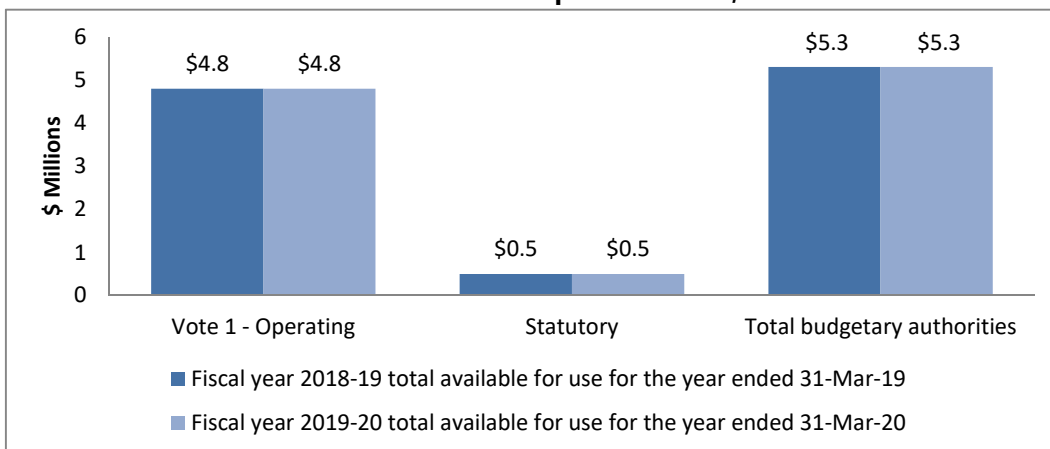
Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q2 2019-20 and 2018-19



Significant changes to authorities

As per graph 2 below as at September 30, 2019 and Table 1, presented at the end of this document, there was no change in the total authorities available for use by NSIRA compared to previous year, at \$5.3 million.

Graph 2: Variance in Authorities as at September 30, 2019



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Significant changes to quarter expenditures

The second quarter expenditures totaled \$1,001M for a decrease of \$112K (10%) when compared to \$1,113M spent during the same period in 2018-19. Table 1 below presents budgetary expenditures by standard object.

Table 1

Material Variances to Expenditures by Standard Object (in thousands of dollars)	Fiscal year 2019-20 Expended during the quarter ended 30-September- 2019	Fiscal year 2018-19 Expended during the quarter ended 30-September- 2018	Variance \$	Variance %
Personnel	761	890	(129)	(14%)
Transportation and communications Information	55	94	(39)	(41%)
Professional and special services	0	0	0	0%
Rentals	91	77	14	18%
Repair and maintenance	14	5	9	180%
Utilities, materials and supplies	6	4	2	50%
Acquisition of machinery and equipment	3	1	2	200%
Other subsidies and payments	23	13	10	77%
Total gross budgetary expenditures	1,001	1,113	(112)	(10%)

* Details may not add to totals due to rounding

Personnel

The decrease of \$129,000 is mainly related to the timing of salary recovery invoices.

Rentals

The increase of \$9,000 is mainly explained by newly acquired Software Licenses.

Acquisition of machinery and equipment

The increase of \$10,000 is mainly explained by growing operations of NSIRA, which necessitated procurement of additional equipment.

Other Subsidies and payments

This increase of \$18,000 is mostly due to multiple Salary Overpayments processed in the second quarter of 2019-20.

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Significant changes to year-to-date expenditures

The year-to-date expenditures totaled \$1,802M for a decrease of \$336K (16%) when compared to \$2,138M spent during the same period in 2018-19. Table 2 below presents budgetary expenditures by standard object.

Table 2

Material Variances to Expenditures by Standard Object (in thousands of dollars)	YTD Expenditures as of 30-September-2019	YTD Expenditures as of 30-September-2018	Variance \$	Variance %
Personnel	1,310	1,583	(273)	(17%)
Transportation and communications	85	141	(56)	(40%)
Information	4	28	(24)	(86%)
Professional and special services	178	180	(2)	(1%)
Rentals	39	22	17	77%
Repair and maintenance	7	19	(12)	(63%)
Utilities, materials and supplies	7	3	4	133%
Acquisition of machinery and equipment	28	113	(85)	(75%)
Other subsidies and payments	144	49	95	194%
Total gross budgetary expenditures	1,802	2,138	(336)	(16%)

* Details may not add to totals due to rounding

Personnel

The decrease of \$273,000 is mainly related to multiple Salary Overpayments processed in the first two quarters of 2019-20.

Transportation and Communications

The decrease of \$56,000 is mainly explained by the employee relocation costs related to an international secondment agreement in 2018.

Information

The decrease of \$24,000 is mainly explained by the earlier production of the SIRC Annual Report in June 2018.

Rentals

The increase of \$17,000 is mainly explained by newly acquired Software Licenses.

Repair and Maintenance

The decrease of \$12,000 is due to SIRC's end of year 2017-18 relocation project, as well as minor repairs and maintenance to the new SIRC office in the beginning of 2018-19.

Utilities, materials and supplies

The increase of \$4,000 is explained by increased need of supplies due to the growing operations of NSIRA.

Acquisition of machinery and equipment

The decrease of \$85,000 is mainly related to the Network Infrastructure upgrade project in 2018-19.

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Other Subsidies and payments

The increase of \$95,000 is mainly explained by multiple Salary Overpayments processed in the first two quarters of 2019-20.

Risks and Uncertainties

This Departmental Quarterly Financial Report (QFR) reflects the results of the current fiscal period in relation to the *2019-20 Main Estimates* (full supply for these *Estimates* were released in June 2019).

NSIRA continues to adapt its operations to the rapid pace of change in the security intelligence environment.

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.

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Significant Changes In Relation To Operations, Personnel and Programs

On June 21, 2019 the bill C-59 to create the National Security and Intelligence Review Agency, or NSIRA, received Royal Assent. NSIRA is responsible for reviewing intelligence and national security activities across government. This new expanded mandate is expected to bring big changes to Operations and Personnel in the years to come.

NSIRA replaces SIRC, which reviewed the Canadian Security Intelligence Service (CSIS) and it also replaces the Office of the CSE Commissioner (OCSEC), which reviewed the Communications Security Establishment (CSE). NSIRA also inherits the complaints investigation functions of SIRC, which was responsible for hearing public complaints concerning the actions of CSIS, and complaints related to the Government of Canada security clearance process, as well as specific matters and reports referred under the *Citizenship Act* and the *Canadian Human Rights Act*. NSIRA's complaint mandate has also expanded to include hearing public complaints regarding the CSE, as well as certain complaints regarding the Royal Canadian Mounted Police (RCMP) where there is a national security nexus.

As SIRC transitions to NSIRA in 2019–20, it will need to engage in aggressive hiring efforts to discharge its expanded mandate.

NSIRA accessed funds through the 2019-20 Main Estimates.

Approved by Senior Officials:

Original signed by _____

John Davies
Executive Director

Original signed by _____

Chantelle Bowers
A/Deputy Executive Director and
Senior General Counsel
A/Chief Financial Officer

Ottawa, Canada

Date: November 22, 2019

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

	Fiscal year 2019-2020			Fiscal year 2018-2019		
	Total available for use for the year ending March 31, 2020 (note 1)	Used during the quarter ended September 30, 2019	Year to date used at quarter end	Total available for use for the year ending March 31, 2019 (note 1)	Used during the quarter ended September 30, 2018	Year to date used at quarter end
<i>(In thousands of dollars)</i>						
Vote 1 - Net operating expenditures	4,809	869	1,538	4,804	981	1,875
Contributions to employee benefit plans	526	131	263	527	132	263
Total budgetary authorities	5,334	1,000	1,801	5,331	1,113	2,138
TOTAL AUTHORITIES	5,334	1,000	1,801	5,331	1,113	2,138

Note 1: Pursuant to Bill C-59 effective July 12, 2019, National Security and Intelligence Review Agency was created. It replaces the Security Intelligence Review Committee. Final expenditures for fiscal year 2019-20 of the former Security Intelligence Review Committee will be determined at year-end.

Note 2: Includes only Authorities available for use and granted by Parliament at quarter-end

Note 3: 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 2019-2020			Fiscal year 2018-2019		
	Authorities available for use for year ending March 31, 2020 (note 1)	Used during the quarter ended September 30, 2019	Year to date used at quarter end	Authorities available for use for the year ending March 31, 2019 (note 1)	Used during the quarter ended September 30, 2018	Year to date used at quarter end
Expenditures						
Personnel	4,142	761	1,310	3,989	890	1,583
Transportation and communications	232	55	85	223	94	141
Information	76	-	4	73	-	28
Professional and special services	465	91	178	644	77	180
Rentals	70	14	39	67	5	22
Repair and maintenance	4	6	7	3	4	19
Utilities, materials and supplies	29	3	7	28	1	3
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	315	23	28	303	13	113
Other subsidies and payments	2	47	144	2	29	49
Total gross budgetary expenditures	5,334	1,000	1,801	5,331	1,113	2,138
TOTAL AUTHORITIES	5,334	1,000	1,801	5,331	1,113	2,138

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