

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 June 30, 2021

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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](#).

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 <https://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 Government of Canada national security and intelligence activities to ensure that

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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 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 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

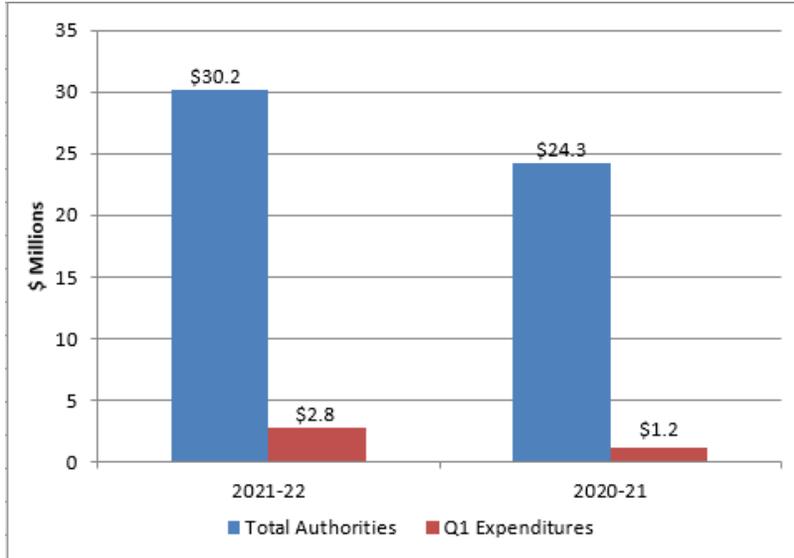
This section highlights the significant items that contributed to the net increase or decrease in authorities available for the year and actual expenditures for the quarter ended June 30, 2021.

NSIRA spent approximately 9% of its authorities by the end of the first quarter, compared to 5% in the same quarter of 2020-21 (see graph 1 below).

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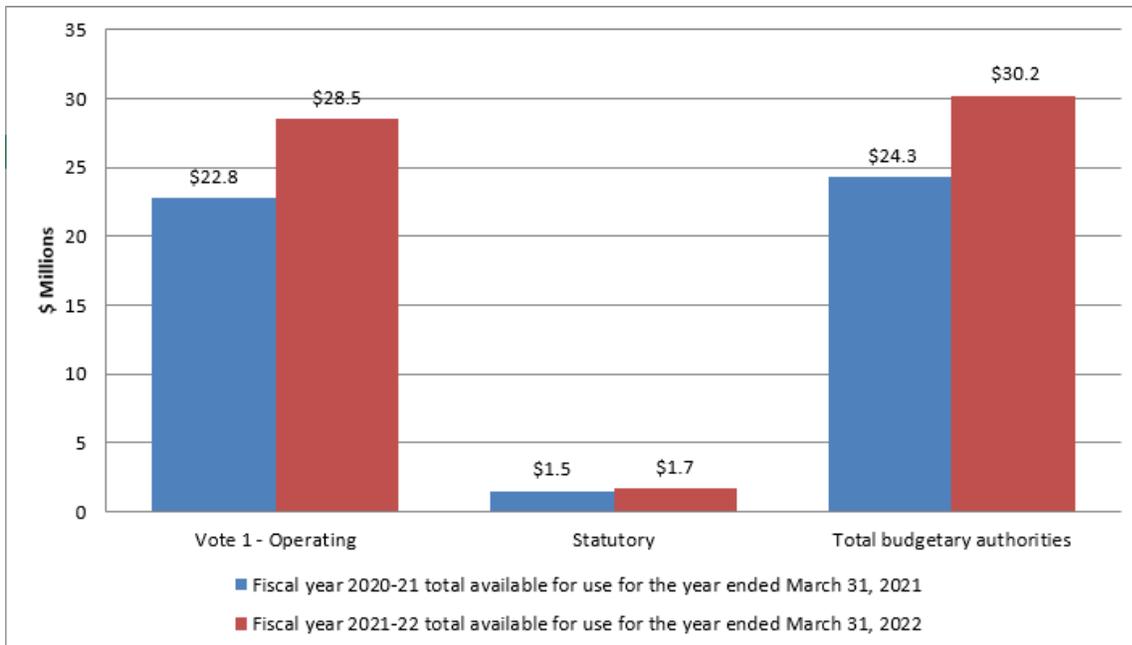
Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q1 2021-22 and 2020-21



Significant changes to authorities

As per graph 2 below as at June 30, 2021, NSIRA had authorities available for use of \$30.2 million in 2021-22 compared to \$24.3 million as of June 30, 2020, for a net increase of \$5.9 million or 24.3%.

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



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The authorities' increase of \$5.9 million is mostly explained by the ramp-up of approved funding for the mandate of NSIRA and the approval of a funding reprofile into fiscal year 2021-22 for accommodation and infrastructure projects.

Significant changes to quarter expenditures

The first quarter expenditures totaled \$2.7M for an increase of \$1.5M when compared to \$1.2M spent during the same period in 2020-21. Table 1 below presents budgetary expenditures by standard object.

Table 1

Material Variances to Expenditures by Standard Object (in thousands of dollars)	YTD Expenditures as of June 30, 2021	YTD Expenditures as of June 30, 2020	Variance \$	Variance %
Personnel	2,312	1,111	1,201	108%
Transportation and communications	13	7	6	86%
Information	2	50	(48)	(96%)
Professional and special services	196	68	128	188%
Repair and maintenance	8	0	8	100%
Utilities, materials and supplies	3	9	(6)	(67%)
Acquisition of machinery and equipment	216	0	216	100%
Other subsidies and payments	12	0	12	100%
Total gross budgetary expenditures	2,762	1,246	1,516	122%

* Details may not add to totals due to rounding

Personnel

The increase of \$1.2M relates to additional staffing to support NSIRA's departmental mandate as well as higher statutory expenditures in 2021-22.

Transportation and communications

The increase of \$6K is mainly explained by the relocation of an employee.

Information

The decrease of \$48K is explained by lower expenditures for electronic subscriptions.

Professional and special services

The increase of \$128K is mainly due to contracts in management consulting, including procurement and business advisory services.

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Repair and maintenance

The increase of \$8K is explained by office accommodation fit-up costs.

Utilities, Materials and Supplies

The decrease of \$6K is mainly explained by lower expenditures for cleaning supplies and personal protective equipment for the pandemic over the previous year.

Acquisition of machinery and equipment

The increase of \$216K is mainly explained by the acquisitions of informatics equipment and related cyber security products.

Other Subsidies and payments

The increase of \$12K due to multiple payroll system overpayments processed in the first quarter of 2021-22.

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. 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

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work at the workplace combined with existing resource constraints of the reviewed departments and agencies continue to delay the conduct of reviews.

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 late March 2021, NSIRA was victim of a cyber attack on its public network. The attack did not affect its classified networks. That attack has led NSIRA to change its Information Technology (IT) operating model and NSIRA has since then been using the Privy Council Office IT infrastructure for the conduct of its unclassified and up to protected B activities.

The Honourable Marie Deschamps has also recently been named interim Chair for NSIRA.

There have been no changes to the NSIRA Program.

Approved by Senior Officials:

John Davies
Executive Director

Pierre Souigny
Senior Director, Corporate Services,
Chief Financial Officer

Ottawa, Canada

Date:

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Annex A

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For the quarter ended June 30, 2021

STATEMENT OF AUTHORITIES (unaudited)

	Fiscal year 2021-2022			Fiscal year 2020-2021		
	Total available for use for the year ending March 31, 2022 (note1)	Used during the quarter ended June 30, 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 June 30, 2020	Year to date used at quarter-end
(in thousands of dollars)						
Vote 1 - Net operating expenditures	28,490	2,336	2,336	22,801	875	875
Budgetary statutory authorities -						
Contributions to employee benefit plans	1,705	426	426	1,484	371	371
Total Budgetary authorities	30,195	2,762	2,762	24,285	1,246	1,246
Non-budgetary authorities	0	0	0	0	0	0
TOTAL AUTHORITIES	30,195	2,762	2,762	24,285	1,246	1,246

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

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Annex B

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

(in thousands of dollars)

	Fiscal year 2021-2022			Fiscal year 2020-2021		
	Planned expenditures for the year ending March 31, 2022 (note 1)	Expended during the quarter ended June 30, 2021	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended June 30, 2020	Year-to-date used at quarter-end
Expenditures						
Personnel	13,222	2,312	2,312	11,510	1,111	1,111
Transportation and communications	673	13	13	1,162	7	7
Information	375	2	2	364	50	50
Professional and special services	5,904	196	196	3,250	68	68
Rentals	188	0	0	237	0	0
Repair and maintenance	8,737	8	8	7,134	0	0
Utilities, materials and supplies	103	3	3	173	9	9
Acquisition of machinery and equipment	991	216	216	393	0	0
Other subsidies and payments	0	12	12	63	0	0
Total gross budgetary expenditures	30,195	2,762	2,762	24,285	1,246	1,246
Total net budgetary expenditures	30,195	2,762	2,762	24,285	1,246	1,246

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.