

National Security and Intelligence Review Agency

Quarterly financial report for the quarter ended September 30, 2021

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

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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, which 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 of the program activities of NSIRA can be found in [Part II of the Main Estimates](#). For more information on NSIRA's mandate, please visit its website at <https://nsira-ossnr.gc.ca>.

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 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

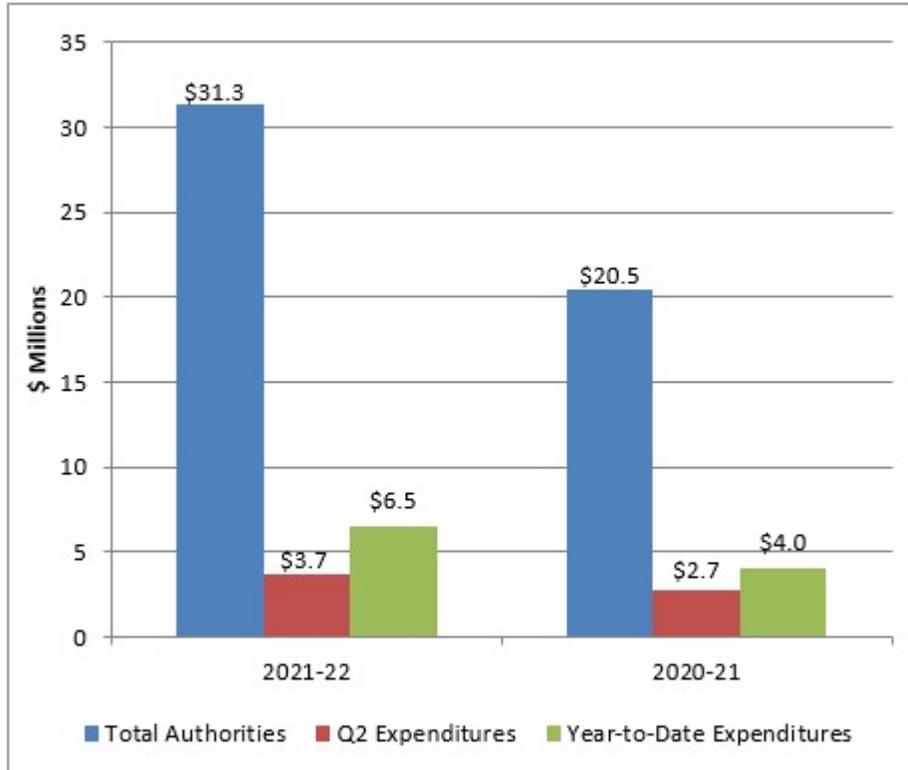
This section highlights the significant items that contributed to the net increase or decrease in authorities available for the year and actual expenditures for the quarter ended September 30, 2021.

NSIRA spent approximately 21% of its authorities by the end of the second quarter, compared with 20% 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 Q2 2021-22 and 2020-21



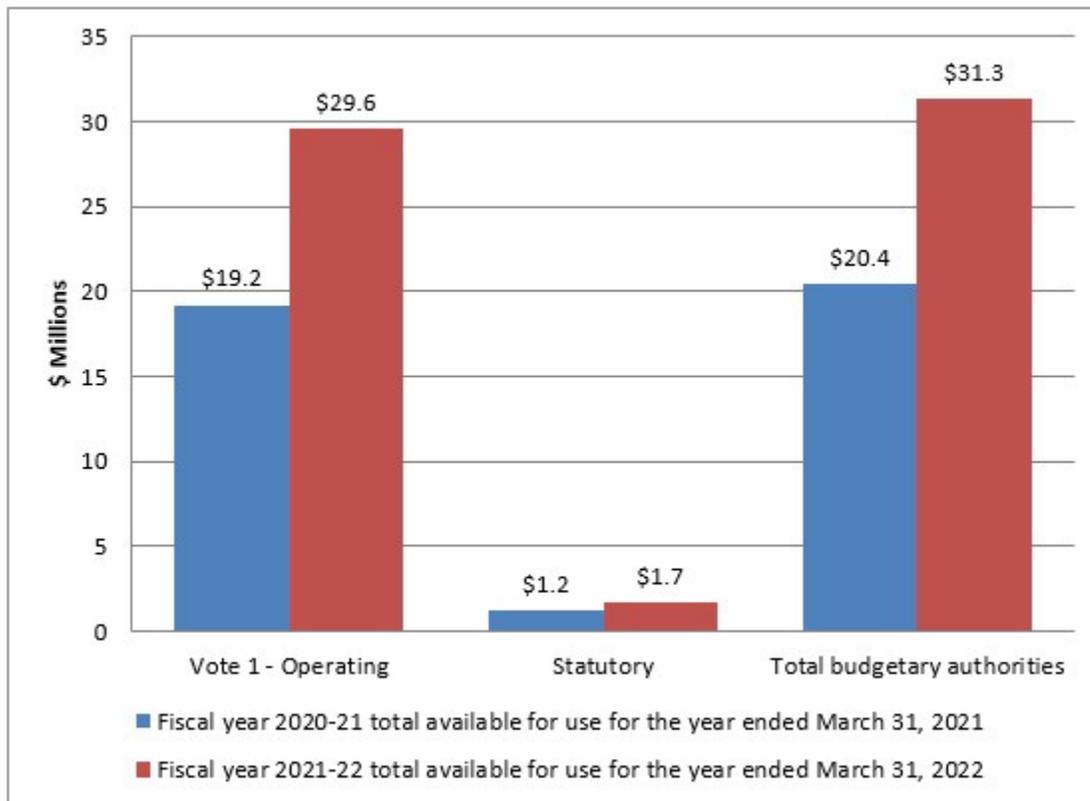
Significant changes to authorities

As at September 30, 2021, Parliament had approved \$31.3 million in total authorities for use by NSIRA 2021-22 compared with \$20.4 million as of September 30, 2020, for a net increase of \$10.9 million or 53.4% (see graph 2, below).

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Graph 2: Variance in authorities as at September 30, 2021



The increase of \$10.9 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 second 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 below presents budgetary expenditures by standard object.

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Table 1

Material variances to expenditures by standard object (in thousands of dollars)	Fiscal year 2021-22 Expended during the quarter ended September 30, 2021	Fiscal year 2020-21 Expended during the quarter ended September 30, 2020	Variance \$	Variance %
Personnel	2,441	2,229	212	10%
Transportation and communications	24	12	12	100%
Information	15	(9)	24	(267%)
Professional and special services	840	275	565	205%
Rentals	17	64	(47)	(73%)
Repair and maintenance	205	4	201	100%
Utilities, materials and supplies	9	(3)	12	(400%)
Acquisition of machinery and equipment	158	43	115	100%
Other subsidies and payments	28	42	(14)	100%
Total gross budgetary expenditures	3,737	2,658	1,079	41%

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

Personnel

The increase of \$0.2 million relates to additional staffing to support NSIRA's departmental mandate.

Professional and special services

The increase of \$0.6 million is mainly due to an agreement for ongoing information technology (IT) support services with a partnering federal organization.

Repair and maintenance

The increase of \$0.2 million is explained by office accommodation fit-up costs.

Acquisition of machinery and equipment

The increase of \$0.1 million is mainly explained by the acquisitions of informatics hardware.

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Risks and uncertainties

The COVID-19 pandemic had a significant impact on NSIRA's ability to grow the organization in a way as would be expected under its new mandate. The physical distancing requirements decreased the ability of staff to concurrently work with departments and agencies subject to reviews.

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 that many positions require. 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, the pandemic caused significant delays for the fit-up of this space. 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 capacity of the reviewed departments and agencies to respond to the demands of NSIRA. The pandemic impacts including the ability to conduct classified work in 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.

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

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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 a victim of a cyber attack on its public network. The attack did not affect its classified networks. That attack led NSIRA to change its IT operating model; since then, NSIRA has been using the Privy Council Office IT infrastructure to conduct activities that are unclassified and up to protected B activities.

The Honourable Marie Deschamps, C.C., currently a member of the National Security and Intelligence Review Agency (NSIRA), became the chair of the NSIRA, effective August 11, 2021.

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

There have been no changes to the NSIRA Program.

Approved by senior officials:

John Davies
Executive Director

Ottawa, Canada
Date:

Pierre Souigny
Senior Director, Corporate Services,
Chief Financial Officer

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Appendix

Statement of authorities (unaudited)

<i>(in thousands of dollars)</i>	Fiscal year 2021-22			Fiscal year 2020-21		
	Total available for use for the year ending March 31, 2022 (note1)	Used during the quarter ended September 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 September 30, 2020	Year to date used at quarter-end
Vote 1 - Net operating expenditures	29,615	3,311	5,647	19,217	2,285	3,213
Budgetary statutory authorities						
Contributions to employee benefit plans	1,705	426	852	1,237	371	742
Total budgetary authorities	31,319	3,737	6,499	20,453	2,656	3,955

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

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Departmental budgetary expenditures by standard object (unaudited)

<i>(in thousands of dollars)</i>	Fiscal year 2021-22			Fiscal year 2020-21		
	Planned expenditures for the year ending March 31, 2022 (note 1)	Expended during the quarter ended September 30, 2021	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended September 30, 2020	Year-to-date used at quarter-end
Expenditures						
Personnel	13,222	2,441	4,753	9,592	2,229	3,340
Transportation and communications	673	24	37	968	12	19
Information	375	15	17	303	(9)	41
Professional and special services	7,029	840	1,036	2,708	275	343
Rentals	188	17	17	197	64	64
Repair and maintenance	8,737	205	213	5,945	4	57
Utilities, materials and supplies	103	9	12	144	(3)	7
Acquisition of machinery and equipment	991	158	374	327	43	43
Other subsidies and payments	0	28	40	268	42	42
Total gross budgetary expenditures (note 2)	31,319	3,737	6,499	20,453	2,656	3,955

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.