

Office of the Intelligence Commissioner

Quarterly Financial Report
For the Quarter Ended December 31, 2022

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Statement Outlining Results, Risks and Significant Changes in Operations, Personnel and Program

1. 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 Treasury Board. This quarterly report should be read in conjunction with the Main Estimates. This report has not been subject to external audit or review.

The Office of the Intelligence Commissioner (ICO) is an independent oversight body. The mandate of the Intelligence Commissioner (IC) is set out in the *Intelligence Commissioner Act*. The IC is an integral part of the decision-making process for certain national security and intelligence activities before they can be conducted. The IC is responsible for performing quasi-judicial reviews of the conclusions of the Minister of National Defence and the Minister of Public Safety, and, where applicable, the Director of the Canadian Security Intelligence Service to determine whether they are reasonable. These conclusions are the basis on which certain authorizations are issued or determinations are made in relation to some activities to be conducted by either the Communications Security Establishment or Canadian Security Intelligence Service.

Further information on the ICO can be found on the [departmental 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 ICO's spending authorities as approved in the Main Estimates for the 2022–23 fiscal year as well as transfers from Treasury Board central votes that are approved by the end of the quarter. This quarterly report has been prepared using a special purpose financial reporting framework, 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 authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The ICO uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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2. Highlights of Fiscal Quarter and Fiscal Year-to-Date Results

This section highlights the financial results for the fiscal year-to-date and the quarter ended December 31, 2022. It also provides explanations of variances compared with the same period for the previous year that exceed a materiality threshold of \$5 thousand for program expenditures and statutory authorities.

Highlights of the Fiscal Quarter and Fiscal Year-to-Date Results (in thousands of dollars)

	2022–23 Budgetary authorities to March 31, 2023	2021–22 Budgetary authorities to March 31, 2022	Variance in budgetary authorities	Year-to-date expenditures as at Q3 2022–23 (Dec 31, 2022)	Year-to-date expenditures as at Q3 2021–22 (Dec 31, 2021)	Variance between year- to-date expenditures
Vote 1 Program Expenditures	2,544	2,469	75	1,618	1,061	557
Statutory authorities	167	165	2	125	123	2
Total	2,711	2,634	77	1,743	1,184	559

	2022–23 Q3 expenditures	2021–22 Q3 expenditures	Variance between 2022–23 Q3 and 2021–22 Q3 expenditures
Vote 1 Program Expenditures	515	237	278
Statutory authorities	42	41	1
Total	557	278	279

Statement of Authorities

At the end of the third quarter, December 30, 2022, the ICO had received \$2,711 thousand, its full voted and statutory authorities. The authorities also include the operating budget carry-forward of \$118 thousand received in the second quarter and \$57 thousand received in the third quarter as a result of compensation adjustments.

The increase of \$77 thousand in authorities the previous year results from the increase in the operating budget carry-forward (\$19 thousand), the increase in the collective bargaining adjustment (\$56 thousand) and the slight increase in statutory authorities (\$2 thousand).

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Statement of Departmental Budgetary Expenditures by Standard Object

The year-to-date budgetary expenditures, as at December 31, 2022, have increased by \$559 thousand (47%) compared to the same period in the previous year:

- Vote 1 expenditures increased by \$557 thousand; and
- statutory payments increased by \$2 thousand.

For the fiscal quarter ended December 31, 2022, budgetary expenditures have increased by \$279 thousand (100%) compared to the same period in the previous year:

- Vote 1 expenditures increased by \$278 thousand; and
- statutory payments increased by \$1 thousand.

The following table provides an explanation of these changes by standard object.

Standard object	Changes to voted and statutory expenditures	Variance between 2022–23 year-to-date and 2021–22 year-to-date expenditures (April 1 to December 31)	Variance between 2022–23 Q3 and 2021–22 Q3 expenditures (October 1 to December 31)
Vote 1: Program expenditures (in thousands of dollars)			
1 Personnel	The year-to-date variance was caused in part by delays in salary billings by OGDs understating salary costs in 2021–22. The year-to-date and third quarter variance was also impacted by the additional costs in 2022–23 of an employee hired in the last quarter of 2021–22 and by OGD overbilling salary costs in the 3 rd quarter of 2022–23.	324	135
2 Transportation and Telecommunication	Travel costs to FIORC conference in Washington in 3 rd quarter of 2022–23 caused the majority of the increase in both year-to-date and 3 rd quarter.	11	10
3 Information	Increase in subscriptions and data access services.	9	5
4 Professional Services	Year-to-date and quarterly variances were primarily due to technical internal services charges incurred during the 3 rd quarter of 2022–23 as opposed to in the 4 th quarter as was the case in 2021–22.	132	125
5 Rentals		-1	0

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6 Repair and Maintenance	Year to date increase is due to costs in the second quarter of 2022–23 related to security and office upgrades and enhancements.	68	-4
7 Materials and Supplies		5	-3
9 Machinery and Equipment	Year-to-date and quarterly variance is due to the acquisition of furniture in the 3 rd quarter of 2022–23.	9	10
Subtotal Vote 1		557	278
Statutory expenditures		0	0
1 Personnel		2	1
Total		559	279

3. Risks and Uncertainties

The ICO continued to carefully manage its resources in order that independent quasi-judicial reviews of the conclusions reached by Ministers in issuing certain ministerial authorizations and determinations can continue to be conducted effectively and within statutory time limits.

4. Significant Changes in Relation to Operations, Personnel and Programs

There have been no significant changes in relation to operations, personnel, and programs.

5. Approval by Senior Officials

Approved by:

Original signed by

Original signed by

The Honourable Simon Noël, K.C.
Intelligence Commissioner

Guylaine A. Dansereau
Chief Financial Officer

Ottawa, Canada
February 22, 2023

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Appendix A – 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	Used during the quarter ended Dec 31, 2022	Year-to-date used at quarter-end	Total available for use for the year ended March 31, 2022	Used during the quarter ended Dec 31, 2021	Year-to-date used at quarter-end
Vote 1 - Program Expenses	2,544	515	1,618	2,469	237	1,061
Statutory authorities – Contributions to employee benefit plans	167	42	125	165	41	123
Total Budgetary authorities	2,711	557	1,743	2,634	278	1,184
Total authorities	2,711	557	1,743	2,634	278	1,184

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Appendix B – 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, 2023	Expended during the quarter ended Dec 31, 2022	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended Dec 31, 2021	Year-to-date used at quarter-end
Expenditures:						
Personnel	1,336	314	841	1,278	178	515
Transportation and communications	27	11	18	42	1	7
Information	30	5	16	25	0	7
Professional and special services	848	140	545	893	15	413
Rentals	311	73	222	305	73	223
Repair and maintenance	114	0	73	53	4	5
Utilities, materials and supplies	23	4	18	26	7	13
Acquisition of land, buildings and works	0	0	0	0	0	0
Acquisition of machinery and equipment	22	10	10	12	0	1
Other subsidies and payments	0	0	0	0	0	0
Total gross budgetary expenditures	2,711	557	1,743	2,634	278	1,184
Total net budgetary expenditures	2,711	557	1,743	2,634	278	1,184