

Office of the Intelligence Commissioner

Quarterly Financial Report
For period ending December 31, 2020

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

1. Introduction

1.1 Background to the Quarterly Financial Report

As per the Directive on Accounting Standards, GC 4400, Departmental Quarterly Report, the Office of the Intelligence Commissioner (ICO) is submitting its quarterly report for the quarter ending December 31, 2020.

The 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 financial report has not been subject to external audit or review.

1.2 Authority, Mandate and Program

Under the *Intelligence Commissioner Act*, the Intelligence Commissioner is responsible for performing quasi-judicial reviews of the conclusions on the basis of which certain authorizations are issued or determinations are made under the *Communications Security Establishment Act* and the *Canadian Security Intelligence Service Act*.

Further information on the Office of the Intelligence Commissioner can be found on ICO's website <https://www.canada.ca/en/intelligence-commissioner.html>.

1.3 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 granted by Parliament, or received from Treasury Board Central Votes, and those used by ICO, consistent with the Main Estimates for the fiscal year ending March 31, 2021. 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 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.

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 (YTD) results

Quarter ending December 31 / Year to Date

This section highlights the financial results for the fiscal year-to-date and the quarter ended December 31, 2020. 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 votes. The ICO has been operating since July 12, 2019; as a result, variances resulting from prior year comparisons will not be fully representative.

(in thousands of dollars)	2020-21 Budgetary authority to March 31/21	2019-20 Budgetary authority to March 31/20	Variance in budgetary authority	Year-to-date expenditures as at Q3 2020-21 (Dec 31, 2020)	Year-to-date expenditures as at Q3 2019-20 (Dec 31, 2019)	Variance between year-to-date expenditures
Vote 1 Program Expenditures	2,073	1,671	402	833	955	(122)
Statutory authorities	165	128	37	123	71	52
Total	2,238	1,799	439	956	1,026	(70)

	2020-21 Q3 expenditures	2019-20 Q3 expenditures	Variance between 2020-21 Q3 and 2019-20 Q3 expenditures
Vote 1 Program Expenditures	330	483	(153)
Statutory authorities	41	43	(2)
Total	371	526	(155)

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2.1 Statement of authorities

The COVID-19 pandemic has had a significant effect on the ICO's budgetary authorities in the current fiscal year because the Main Estimates, typically granted by the end of June, were only approved by Parliament late in the third quarter. Because of the pandemic, Parliament sat for fewer sessions than normal in the spring, so there was limited time to study supply. As a result, the Standing Orders of the House of Commons were amended to extend the study period into the fall. Departments and agencies were granted nine twelfths of their Main Estimates or more based on cash requirements, to ensure continued operations until December.

The ICO received the remainder of its funding in this quarter and is now reporting on its full authorities for 2020–21.

The budgetary authorities available in 2019–20 were the unexpended authorities of the Office of the Communications Security Establishment Commissioner as at July 11, 2019. In accordance with the transitional provisions of the *Intelligence Commissioner Act*, “any money ... unexpended is deemed, on that day, to be an amount appropriated to defray any expenditure of the office of the new Commissioner”.

The variance in authorities results from the reduced authorities in 2019–20 available to the ICO.

2.2 Statement of departmental budgetary expenditures by standard object

The year-to-date budgetary expenditures, as at December 31, 2020, have decreased by \$70 thousand (17%) compared to the same period in the previous year:

- Vote 1 expenditures decreased by \$122 thousand; and
- statutory payments increased by \$52 thousand.

For the fiscal quarter ended December 31, 2020, budgetary expenditures have decreased by \$155 thousand (29%) compared to the same period in the previous year:

- Vote 1 expenditures decreased by \$153 thousand; and
- statutory payments decreased by \$2 thousand

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

Standard object	Changes to voted and statutory expenditures	Variance between 2020–21 year-to-date and 2019–20* year-to-date expenditures	Variance between 2020–21 Q3 and 2019–20 Q3 expenditures
Vote 1: Program expenditures (\$ thousand)			
1 Personnel	The decrease in the year-to-date costs results from several factors: in the current year, a delay in personnel cost billings; in the previous year, a decrease in overall costs as year-to-date costs are for 5 ½ months offset by retroactive payments and salary increases resulting from collective agreement settlements.	(39)	(140)
1 Personnel (continued)	The decrease in current year quarterly expenditures is due to a delay in personnel cost billings in the current year and retroactive payments and salary increases in the previous year.		
2 Transportation	Costs of international travel by officials of the ICO related to oversight stakeholder meetings in 2019–20. There were no similar meetings in 2020–21.	(27)	(7)
3 Information	Annual report costs moved to third quarter as a result of earlier release date	9	10
4 Professional Services	Decrease in professional services year-to-date due to late billings for ongoing current year services and completion of two one-time service requirements in the previous year.	(5)	(26)
5 Rentals	There has been a delay in 2020–21 billings for occupancy costs	(144)	(72)
6 Repair and Maintenance	One time costs of repairs related to security accreditation	81	82
Other	Miscellaneous expenditures	3	0
Subtotal Vote 1		(122)	(153)
Statutory expenditures		52	(2)
Total expenditures		(70)	(155)

* The Office of the Intelligence Commissioner commenced operations on July 12, 2019. Year-to-date expenditures for 2019–20 are from that date forward.

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3. Risks and Uncertainties

The ICO will continue to carefully manage its resources in order that the independent quasi-judicial reviews of the conclusions reached by Ministers in issuing certain ministerial authorizations and determinations can continue to be discharged effectively and within the time frames established by the legislation.

4. Significant changes in relation to operations, personnel and programs

Other than delays in billings by other government departments for significant expenditure items, there have been no significant changes in relation to operations, personnel and programs during the third quarter.

5. Approval by Senior Officials

Approved by:

Original signed by

The Honourable Jean-Pierre Plouffe, C.D.
Intelligence Commissioner

Ottawa, Canada
February 15, 2021

Original signed by

Guylaine A. Dansereau
Chief Financial Officer

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Statement of Authorities (unaudited)

(in thousands of dollars)	Fiscal year 2020–21			Fiscal year 2019–20		
	Total available for use for the year ending March 31, 2021	Used during the quarter ended Dec 31, 2020	Year to date used at quarter-end	Total available for use for the year ended March 31, 2020	Used during the quarter ended Dec 31, 2019	Year to date used at quarter-end
Vote 1 - Program Expenses	2,073	330	833	1,671	483	955
Statutory authorities – Contributions to employee benefit plans	165	41	123	128	43	71
Total Budgetary authorities	2,238	371	956	1,799	526	1,026
Total authorities	2,238	371	956	1,799	526	1,026

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Departmental budgetary expenditures by Standard Object (unaudited)

(In thousands of dollars)

	Fiscal year 2020–21		
	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended Dec 31, 2020	Year to date used at quarter-end
Expenditures:			
Personnel	1,277	219	675
Transportation and communications	35	1	8
Information	25	12	18
Professional and special services	469	49	155
Rentals	310	1	3
Repair and maintenance	82	82	82
Utilities, materials and supplies	25	7	12
Acquisition of land, buildings and works	0	0	0
Acquisition of machinery and equipment	15	0	3
Other subsidies and payments	0	0	0
Total gross budgetary expenditures	2,238	371	956
Total net budgetary expenditures	2,238	371	956

	Fiscal year 2019–20		
	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended Dec 31, 2019	Year to date used at quarter-end
	1,063	361	662
	29	8	35
	13	2	9
	422	75	160
	234	73	147
	2	0	1
	21	7	12
	0	0	0
	15	0	0
	0	0	0
	1,799	526	1,026
	1,799	525	1,026