



Quarterly Financial Report for the Quarter Ended June 30, 2021

**Statement Outlining Results, Risks
and Significant Changes in Operations,
Personnel and Programs**



1. Introduction

This quarterly report has been prepared by Library and Archives Canada (LAC) as required by [section 65.1 of the *Financial Administration Act*](#) and in the form and manner prescribed by Treasury Board. This quarterly report should be read in conjunction with the 2021–2022 [Main Estimates](#) and [Supplementary Estimates \(A\)](#).

This quarterly report has not been subject to an independent audit or review.

1.1 Library and Archives Canada's mandate

Under the *Library and Archives of Canada Act*, the mandate of LAC is as follows:

- to preserve the documentary heritage of Canada for the benefit of present and future generations;
- to serve as a source of enduring knowledge accessible to all, contributing to the cultural, social and economic advancement of Canada as a free and democratic society;
- to facilitate in Canada co-operation among the communities involved in the acquisition, preservation and diffusion of knowledge; and
- to serve as the continuing memory of the Government of Canada and its institutions.

The Minister of Canadian Heritage is responsible for LAC.

LAC's activities align with two strategic priorities: service transformation and the optimization of its digital capacity.

To reach more users and provide them with the best possible experience, LAC is working to transform its services and virtual access to the collection. Users expect to find what they are looking for quickly, and to have a user-friendly, dynamic and interactive online experience—this is what LAC aims to deliver by making the most of what digital technology has to offer.

As LAC begins transforming its services to better disseminate its collection's content, it must also prepare by optimizing its digital infrastructure and its ability to acquire, manage and preserve the constantly growing digital content transferred to it by Canadian content producers (federal government institutions, publishers and other creators) and the content it generates through digitization.

1.2 Basis of presentation

This quarterly report has been prepared by LAC using an expenditure basis of accounting. The accompanying Statement of Authorities includes the spending authorities granted by Parliament and used by LAC, consistent with the [Main Estimates](#) and [Supplementary Estimates \(A\)](#) for the 2021–2022 fiscal year. This quarterly report has also 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.

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

2. Highlights of fiscal quarter and fiscal year-to-date results

2.1 Statement of Authorities

As reflected in the Statement of Authorities below, total authorities available for use as of June 30, 2021, are \$150.8 million compared to \$136.6 million as of June 30, 2020. The following table provides the detailed list of authorities by fiscal year:

Authority Vote/Statutory	Description	For the quarter ended June 30, 2021	For the quarter ended June 30, 2020
Vote 1	Operating Expenditures	105,773,897	103,886,627
Vote 1	Revenue credited to the vote	(5,000,000)	(550,000)
Vote 5	Capital Expenditures	38,228,642	21,753,850
Statutory	Spending of proceeds from the disposal of surplus Crown assets	2,609	0
Statutory	Contributions to employee benefit plans	11,750,446	11,521,626
Total authorities		150,755,594	136,612,103

The overall increase of \$14.2 million results mainly from the following:

- An increase of \$18.2 million for the partnership between LAC, Ottawa Public Library and the City of Ottawa for a joint facility project;
- An increase of \$2.2 million for salary adjustments following the ratification of collective agreements;
- A decrease of \$4.6 million for an alignment of the funding for the Real Property Portfolio; and
- A decrease of \$1.6 million in funding for the revitalization of Indigenous languages and culture initiative.

2.2 Statement of departmental budgetary expenditures by standard object

As presented in the Statement of Departmental Budgetary Expenditures by Standard Object, the year-to-date expenditures totalled \$30.3 million as of June 30, 2021, compared to \$28.3 million as of June 30, 2020. The increase of \$2.0 million is explained mainly by the following:

- An increase of \$1.1 million in expenditures for “Other subsidies and payments,” mainly due to costs in the process of being reallocated to the appropriate standard object;
- A net increase of \$0.6 million in the following departmental expenditures, mainly related to the Real Property Portfolio,¹ the partnership between LAC, Ottawa Public Library and the City of Ottawa for a joint facility project, and the management and maintenance of special-purpose buildings, as detailed below:
 - An increase of \$0.4 million in expenditures for “Acquisition of land, buildings and works”; and
 - An increase of \$0.2 million in expenditures for “Professional and special services”.
- An increase of \$0.3 million in departmental expenditures related to the acquisition of equipment for the preservation of documentary heritage;
- An increase of \$0.2 million in expenditures related to personnel, mainly for salary adjustments following the ratification of collective agreements; and
- A net decrease of \$0.2 million mainly related to minor variances in other departmental budgetary expenditures within the organization.

¹ Including the construction of a new building for the preservation of analog archival holdings in Gatineau.

3. Risks and uncertainties

The following section presents LAC's key risks:

- If LAC does not renew or enhance the current systems and processes supporting its digital operations, it risks hindering its ability to deliver on its mandate in an effective and efficient manner.
- If LAC does not have the capacity to fulfill its obligations related to its custodial role, its Real Property Portfolio risks both deterioration and not meeting the growing needs of its special-purpose space to store its collections, which would jeopardize its integrity.
- If LAC does not continue to improve all of the services it offers (to researchers, the general public, the federal government, donors, libraries, publishers and in support of litigation), it risks not fully meeting the changing needs and expectations of current and future users and not remaining relevant.
- If LAC cannot recruit, train and maintain a workforce with the expertise and skills required to adapt to the rapid evolution of its business, it risks not fully achieving its mandate.

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

Effective April 1, 2021, a new organizational structure was implemented at LAC, which relies on our Vision 2030 and our two priorities: service transformation and digital optimization. The main goal for restructuring is to create a more agile, flexible, resilient and efficient organization that is better prepared to face the new challenges ahead. Effective June 30, 2021, Sylvain Bélanger was appointed to the position of Senior Director General, Digital Services. Further appointments are expected.

There were no other significant changes in the organization's activities and programs during the first quarter, which ended on June 30, 2021.

Approval by senior officials

Original signed by:

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July 23, 2021

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July 22, 2021

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Statement of Authorities (unaudited)

<i>(in dollars)</i>	Fiscal year 2021–2022			Fiscal year 2020–2021		
	Total available for use for the year ending March 31, 2022*	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*	Used during the quarter ended June 30, 2020	Year to date used at quarter-end
Vote 1 – Operating Expenditures	100,773,897	26,448,412	26,448,412	103,336,627	25,044,288	25,044,288
Vote 5 – Capital Expenditures	38,228,642	896,199	896,199	21,753,850	423,269	423,269
Contributions to the employee benefit plans	11,750,446	2,937,612	2,937,611	11,521,626	2,880,407	2,880,407
Spending of proceeds from the disposal of surplus Crown assets	2,609	0	0	0	0	0
Total budgetary authorities	150,755,594	30,282,223	30,282,223	136,612,103	28,347,964	28,347,964
Non-budgetary authorities	0	0	0	0	0	0
Total authorities	150,755,594	30,282,223	30,282,223	136,612,103	28,347,964	28,347,964

*Includes only Authorities available for use and granted by Parliament at quarter-end.

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Departmental Budgetary Expenditures by Standard Object (unaudited)

<i>(in dollars)</i>	Fiscal year 2021–2022			Fiscal year 2020–2021		
	Planned expenditures for the year ending March 31, 2022	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	91,145,353	22,477,222	22,477,222	89,370,453	22,275,855	22,275,855
Transportation and communications	474,305	18,195	18,195	444,974	28,790	28,790
Information	244,646	6,660	6,660	250,884	12,217	12,217
Professional and special services	8,280,057	1,684,853	1,684,853	13,580,148	1,490,036	1,490,036
Rentals	1,030,140	1,808,622	1,808,622	1,080,159	1,489,199	1,489,199
Repair and maintenance	5,044,709	9,776	9,776	949,038	32,122	32,122
Utilities, materials and supplies	5,233,104	149,408	149,408	4,601,962	70,954	70,954
Acquisition of land, buildings and works	34,076,783	482,930	482,930	16,936,385	73,428	73,428
Acquisition of machinery and equipment	650,780	87,339	87,339	1,026,010	168	168
Transfer payments	1,500,000	1,470,642	1,470,642	1,500,000	1,857,360	1,857,360
Other subsidies and payments	8,075,718	2,119,982	2,119,982	7,422,090	1,018,858	1,018,858
Total gross budgetary expenditures	155,755,594	30,315,629	30,315,629	137,162,103	28,348,987	28,348,987
Less Revenues netted against expenditures:						
Respendable revenues	5,000,000	33,406	33,406	550,000	1,023	1,023
Total Revenues netted against expenditures	5,000,000	33,406	33,406	550,000	1,023	1,023
Total net budgetary expenditures	150,755,594	30,282,223	30,282,223	136,612,103	28,347,964	28,347,964