



Quarterly Financial Report for the Quarter Ended September 30, 2022

**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 2022–2023 [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.

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 2022–2023 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 September 30, 2022, are \$231.2 million, compared to \$157.4 million as of September 30, 2021. The following table provides the detailed list of authorities by fiscal year:

Authority Vote/Statutory	Description	For the quarter ended September 30, 2022	For the quarter ended September 30, 2021
Vote 1	Operating Expenditures	126,078,028	109,836,720
Vote 1	Revenue credited to the vote	(4,200,000)	(5,000,000)
Vote 5	Capital Expenditures	97,064,860	40,841,157
Statutory	Spending of proceeds from the disposal of surplus Crown assets	17,491	17,231
Statutory	Contributions to employee benefit plans	12,274,023	11,750,446
Total authorities		231,234,402	157,445,554

The net increase of \$73.8 million in funding results mainly from the following:

- An increase of \$44.6 million for the Real Property Portfolio (including \$36.1 million for the substantial completion payment for the construction of a new building for the preservation of analog archival holdings in Gatineau, Quebec);
- An increase of \$22.2 million for the partnership between LAC, Ottawa Public Library and the City of Ottawa for the Ādisōke joint facility project (including \$19.3 million in additional construction contingency costs);
- An increase of \$4.8 million for the implementation of the Federal Pathway to Address Missing and Murdered Indigenous Women and Girls (Budget 2021) response;
- An increase of \$2.2 million related to the carry-forward of the operating budget and the carry-forward of the capital budget;
- An increase of \$0.7 million for salary adjustments following the ratification of collective agreements; and
- A decrease of \$1.1 million for the sunseting of funding for the private records of the Right Honourable Stephen Harper.

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 \$101.4 million as of September 30, 2022, compared to \$60.6 million as of September 30, 2021. The increase of \$40.8 million is explained mainly by the following:

- A net increase of \$41.1 million in the following departmental expenditures, mainly related to the Real Property Portfolio and the partnership between LAC, Ottawa Public Library and the City of Ottawa for the Ādisōke joint facility project, as detailed below:
 - An increase of \$40.9 million in expenditures for “Acquisition of land, buildings and works” (including \$36.1 million for the substantial completion payment for the Preservation Storage Facility¹ and other expenses mainly for the Ādisōke joint facility project in Ottawa, Ontario);
 - An increase of \$1.8 million in expenditures for “Public debt charges,” mainly for the portion related to interest payments for the Preservation Storage Facility; and
 - A decrease of \$1.6 million in expenditures for “Other subsidies and payments,” mainly due to the timing of payments in lieu of taxes;
- A net increase of \$1.2 million in departmental expenditures, mainly for activities concerning the acquisition, preservation and accessibility of documentary heritage, as detailed below:
 - An increase of \$0.6 million in expenditures related to the maintenance and rental of equipment; and
 - An increase of \$0.6 million in expenditures related to the “Acquisition of machinery and equipment”;
- A decrease of \$1.3 million in expenditures related to personnel, mainly related to a higher turnover of personnel; and
- A decrease of \$0.2 million in expenditures related to “Transfer payments”, mainly due to the timing of contribution payments for the Indigenous languages and cultures initiative.

¹ New building constructed for the preservation of analog archival holdings in Gatineau, Quebec.

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

There were no significant changes in the organization's personnel, activities and programs during the second quarter, which ended on September 30, 2022.

Approval by senior officials

Original signed by:

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October 31, 2022

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Library and Archives Canada
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October 27, 2022

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Statement of Authorities (unaudited)

<i>(in dollars)</i>	Fiscal year 2022–2023			Fiscal year 2021–2022		
	Total available for use for the year ending March 31, 2023*	Used during the quarter ended September 30, 2022	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2022*	Used during the quarter ended September 30, 2021	Year-to-date used at quarter-end
Vote 1 – Operating Expenditures	121,878,028	28,360,522	51,613,176	104,836,720	25,552,644	52,001,056
Vote 5 – Capital Expenditures	97,064,860	5,052,904	43,637,660	40,841,157	1,862,447	2,758,646
Contributions to the employee benefit plans	12,274,023	3,068,505	6,137,011	11,750,446	2,937,611	5,875,223
Spending of proceeds from the disposal of surplus Crown assets	17,491	4,961	4,961	17,231	-	-
Total budgetary authorities	231,234,402	36,486,892	101,392,808	157,445,554	30,352,702	60,634,925
Non-budgetary authorities	-	-	-	-	-	-
Total authorities	231,234,402	36,486,892	101,392,808	157,445,554	30,352,702	60,634,925

*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 2022–2023			Fiscal year 2021–2022		
	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended June 30, 2022	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2022	Expended during the quarter ended June 30, 2021	Year-to-date used at quarter-end
Expenditures:						
Personnel	94,100,846	21,840,148	42,824,570	95,058,350	21,622,680	44,099,902
Transportation and communications	834,595	84,106	165,691	474,305	27,443	45,638
Information	295,795	79,331	87,586	244,646	60,471	67,131
Professional and special services	8,976,034	3,967,957	5,971,754	8,429,883	4,313,932	5,998,785
Rentals	1,295,550	1,144,290	2,785,186	1,037,451	331,193	2,139,815
Repair and maintenance	10,186,395	120,371	226,993	5,044,709	203,592	213,368
Utilities, materials and supplies	7,714,789	655,104	992,476	5,240,414	725,806	875,214
Acquisition of land, buildings and works	55,402,355	4,339,121	42,321,666	36,689,298	927,885	1,410,815
Acquisition of machinery and equipment	865,443	527,384	776,843	650,780	72,867	160,206
Transfer payments	3,520,500	510,122	1,727,650	1,500,000	481,353	1,951,995
Public debt charges	-	1,821,369	1,821,369	-	-	-
Other subsidies and payments	52,242,100	1,774,707	2,101,295	8,075,718	1,613,145	3,733,127
Total gross budgetary expenditures	235,434,402	36,864,010	101,803,079	162,445,554	30,380,367	60,695,996
Less Revenues netted against expenditures:						
Respendable Revenues	4,200,000	377,118	410,271	5,000,000	27,665	61,071
Total Revenues netted against expenditures	4,200,000	377,118	410,271	5,000,000	27,665	61,071
Total net budgetary expenditures	231,234,402	36,486,892	101,392,808	157,445,554	30,352,702	60,634,925