



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

Introduction

The quarterly financial report for the National Energy Board (NEB or Board):

- Should be read in conjunction with Main Estimates;
- has been prepared by management as required by [Section 65.1 of the Financial Administration Act \(FAA\)](#) and in the form and manner prescribed by the Treasury Board (TB); and
- has not been subject to an external audit or review.

A summary description of the NEB's core responsibilities can be found in [Part II of the Main Estimates](#).

The Board's strategic priorities are: Leading Regulatory Excellence, Taking Action on Safety and Engaging with Canadians.

The NEB receives its funding through annual Parliamentary authorities. The majority of expenditures are subsequently recovered from the companies regulated by the NEB and the funds are deposited in the Consolidated Revenue Fund of the Government of Canada.

Basis of Presentation

The quarterly financial report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the National Energy Board's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and Supplementary Estimates for the 2017-18 fiscal years. 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 National Energy Board uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.



Highlights of Fiscal Quarter and Fiscal Year to Date Results

Planned expenditures analysis

As reflected in the [Statement of Authorities](#), the department's planned expenditures in the fiscal year as at March 31, 2018 is \$85.67 million (M), as compared to \$89.43 M as at March 31, 2017. The decrease of \$3.76 M is primarily: a decrease of \$5.09 M related to Budget 2012 Pipeline Safety Program funding sun setting; a decrease of \$3.60 M related to Budget 2014 Regulatory Review of Mega Projects funding sun setting; a decrease of \$4.01 M related to Budget 2015 for Energy Transportation Infrastructure; a decrease of \$0.71 M related to the rate reduction for Employee Benefit Plan; an increase of \$3.84 M related to Budget 2016 for Interim Strategy on Pipelines Program; and an increase of \$5.81 M increase related to Budget 2017 which renewed sunset funding for Budget 2012 Pipeline Safety Program and the Public Awareness portion of the Budget 2014 Regulatory Review of Mega Projects funding.

Actual expenditures analysis

As reflected in the [Departmental Budgetary Expenditures by Standard Object](#), the department's actual expenditures in the first quarter of this fiscal year are \$5.36 M, as compared to \$18.78 M same period last year. The decrease of \$13.42 M in actual expenditures is primarily due to a decrease of \$12.46 M in personnel, compared to the same period last fiscal year. This is salaries from period one to three that have not been entered into the system as a result of Departmental Results Framework implementation to the financial system. Access to enter expenditures into the financial system was unavailable until the last week of June 2017.

Risks and Uncertainties

Due to the nature of its mandate, the NEB's expenditures are influenced by planned and unplanned events (internal and external) that create uncertainty in expenditure and resource pressures. The NEB's responsibilities are not only shaped by emerging energy trends, but also by the proactive consideration of safety, environmental, societal and economic trends that may influence the NEB's ability to carry out its responsibilities in the Canadian public interest.

Significant Changes in Relation to Operations, Personnel and Programs

The NEB is an early adopter of the Departmental Results Framework under the TB Policy on Results in 2017-18, which will change the way we assess our performance. The NEB has developed more clearly defined programs, activities and initiatives to establish a baseline for performance measurement.



Quarterly Financial Report
For the quarter ended June 30, 2017

Approval by Senior Officials

Approved by,

The original version was signed by

*The original version was signed by Sandy Leveque, Acting
Chief Financial Officer for*

C. Peter Watson, P. Eng. FCAE

Paula Futoransky

Chair and CEO

Chief Financial Officer

*(Calgary, Canada)
(29 August 2017)*



Quarterly Financial Report
For the quarter ended June 30, 2017

STATEMENT OF AUTHORITIES
(unaudited)

(in thousands of dollars)

	Fiscal year 2017-2018			Fiscal year 2016-2017		
	Planned expenditures for the year ending March 31, 2018*	Expended during the quarter ended June 30, 2017	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2017*	Expended during the quarter ended June 30, 2016	Year to date used at quarter-end
Operating expenditures	77,404	3,518	3,518	80,581	16,570	16,570
Contributions to employee benefit plans	8,268	1,840	1,840	8,844	2,211	2,211
Total Budgetary authorities	85,672	5,358	5,358	89,425	18,781	18,781
Non-budgetary authorities						
Total authorities	85,672	5,358	5,358	89,425	18,781	18,781

More information is available in the attached table.

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



Quarterly Financial Report
For the quarter ended June 30, 2017

DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT (unaudited)

	Fiscal year 2017-2018			Fiscal year 2016-2017		
	Planned expenditures for the year ending March 31, 2018	Expended during the quarter ended June 30, 2017	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2017	Expended during the quarter ended June 30, 2016	Year to date used at quarter-end
<i>(in thousands of dollars)</i>						
Expenditures:						
Personnel	59,685	3,384	3,384	60,265	15,839	15,839
Transportation and communications	4,442	248	248	5,228	696	696
Information	506	19	19	498	88	88
Professional and special services	12,337	885	885	15,684	1,514	1,514
Rentals	809	5	5	1,494	55	55
Repair and maintenance	607	78	78	996	331	331
Utilities, materials and supplies	506	55	55	498	49	49
Acquisition of land, buildings and works	-	-	-	-	27	27
Acquisition of machinery and equipment	1,416	520	520	498	43	43
Transfer payments	5,364	160	160	4,264	130	130
Public debt charges	-	-	-	-	-	-
Other subsidies and payments	-	4	4	-	9	9
Total gross budgetary expenditures	85,672	5,358	5,358	89,425	18,781	18,781
Less						
Total Revenues netted against expenditures	-	-	-	-	-	-
Total net budgetary expenditures	85,672	5,358	5,358	89,425	18,781	18,781