



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](#) and [Supplementary 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.

National Energy Board has four Core Responsibilities, Energy Adjudication, Safety and Environment Oversight, Energy Information, Engagement plus Internal Services program. A summary description of the NEB's core responsibilities can be found in the [Main Estimates \(Part II\)](#)

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 year. 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.

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.



Quarterly Financial Report
For the quarter ended September 30, 2017

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 results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

Highlights of Fiscal Quarter and Fiscal Year to Date (YTD) Results

This section highlights any significant items that affected the year-to-date results and/or contributed to the net change in resources available for the year and actual expenditures. It should be read in conjunction with the [Statement of Authorities](#) and the [Departmental Budgetary Expenditures by Standard Object](#), which can be found at the end of this report.

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 \$89.47 million, as compared to \$92.70 million as at March 31, 2017. A net decrease of \$3.23 million is primarily due to

Decreases:

- \$4.78 million related to Budget 2014 for Imperial Oil funding sun setting;
- \$2.25 million related to Budget 2014 for Participant Funding Program (Energy East);
- \$4.01 million related to Budget 2015 for Energy Transportation Infrastructure; and
- \$0.84 million primarily related to Employee Benefit Plans (EBP) due to a decrease in the rate applied by Treasury Board Secretariat to allocate EBP costs.

Increases:

- \$4.67 million related to Budget 2016 for interim Strategy for pipeline & Other NEB Reviews;
- \$0.69 million related to Budget 2014 for Imperial Oil; and
- \$3.29 million related to Energy East reprofiled from Budget 2014.

Please note that both planned expenditures for both fiscal years have included operating budget carry forward of \$3.80 million and \$3.28 million in 2017-18 and 2016-17, respectively.

Actual expenditures analysis

As reflected in the [Departmental Budgetary Expenditures by Standard Object](#), the department's total authority used in the fiscal year to September 30, 2017 is \$43.22 million, as compared to \$38.15 million for the same period last year. The increase of \$5.07 million in total authority used is primarily due to:

Decreases:

- \$0.19 million mainly due to a reduction in spending on relocation and travel expenses;



Quarterly Financial Report

For the quarter ended September 30, 2017

- \$0.14 million in information technology mainly due to a reduction in audio installation and support for the hearing room; and
- \$0.20 million in transfer payment attributable to a forecasted decrease in contributions for the Participant Funding Program.

Increases:

- \$4.42 million in personnel expenditures mainly due to increased sunset funding;
- \$0.76 million in professional services mainly due to the costs associated with data visualization and consulting services for business process and project management; and
- \$0.42 million in acquisition of land, building and works and other items mainly due to timing differences for payments related to for a server.

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

For 2017-18 the NEB was an early adopter of the Departmental Results Framework under the Treasury Board Secretariat Directive on Results, which will change the way we assess our performance. The NEB has developed more clearly defined programs, activities and initiatives which will facilitate improved performance measurement.

Approval by Senior Officials

Approved by,

The original version was signed by

The original version was signed by

C. Peter Watson, P. Eng. FCAE
Chair and CEO

Tracy Sletto
Acting Chief Financial Officer

*(Calgary, Canada)
(23 November 2017)*



Quarterly Financial Report
For the quarter ended September 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 September 30, 2017	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2017*	Expended during the quarter ended September 30, 2016	Year to date used at quarter-end
Operating expenditures	81,203	36,024	39,542	83,860	17,154	33,724
Contributions to employee benefit plans	8,268	1,840	3,680	8,844	2,211	4,422
Total Budgetary authorities	89,471	37,864	43,222	92,704	19,365	38,146
Non-budgetary authorities						
Total authorities	89,471	37,864	43,222	92,704	19,365	38,146

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 September 30, 2017

DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT (unaudited)

<i>(in thousands of dollars)</i>	Fiscal year 2017-2018			Fiscal year 2016-2017		
	Planned expenditures for the year ending March 31, 2018	Expended during the quarter ended September 30, 2017	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2017	Expended during the quarter ended September 30, 2016	Year to date used at quarter-end
Expenditures:						
Personnel	59,685	32,506	35,890	60,265	15,630	31,468
Transportation and communications	4,442	940	1,188	5,228	686	1,382
Information	506	62	81	498	133	221
Professional and special services	16,136	3,417	4,302	18,963	2,024	3,540
Rentals	809	100	105	1,494	177	232
Repair and maintenance	607	460	538	996	224	554
Utilities, materials and supplies	506	90	145	498	75	124
Acquisition of land, buildings and works	-	50	50	-	-	28
Acquisition of machinery and equipment	1,416	165	685	498	124	167
Transfer payments	5,364	67	227	4,264	294	424
Public debt charges	-	-	-	-	-	-
Other subsidies and payments	-	7	11	-	(2)	6
Total gross budgetary expenditures	89,471	37,864	43,222	92,704	19,365	38,146
Less						
Total Revenues netted against expenditures	-	-	-	-	-	-
Total net budgetary expenditures	89,471	37,864	43,222	92,704	19,365	38,146