



Quarterly Financial Report  
For the quarter ended June 30, 2018

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## **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 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 2018-19 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 purpose 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.



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## Quarterly Financial Report

For the quarter ended June 30, 2018

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 the Fiscal Quarter and the 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, 2019 is \$77.49 million (M), as compared to \$85.67 M as at March 31, 2018. The decrease of \$8.18 M is primarily due to:

- a decrease of \$3.29 M related to Budget 2014 Energy East Program funding sun setting;
- a decrease of \$4.67 M related to Budget 2016 Interim Strategy on Pipelines Program funding sun setting;
- a decrease of \$1.00 M related to Budget 2015 Energy Transportation Infrastructure;
- a decrease of \$0.70 M related to Budget 2014 Imperial Oil;
- a decrease of \$0.62 M primarily related to the rate reduction for Employee Benefit Plan; and offset by
- an increase of \$2.1 M related to Budget 2017 Indigenous Advisory and Monitoring Committee.

### 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 \$20.78 M, as compared to \$5.36 M same period last year. The increase of \$15.42 M in actual expenditures is due to

- an increase of \$13.43 M in personnel costs, compared to the same period last fiscal year. This was due to inability to enter personnel costs into the financial system when updating the coding required to implement the Departmental Results Framework.
- an increase of \$0.49 M in transportation and communication mainly due increased relocation and travel related to hearing;
- a net increase of \$1.97 M primarily in professional services mainly due to data visualization, application support as well as information portfolio management support; offset by



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## Quarterly Financial Report

For the quarter ended June 30, 2018

- a decrease of \$0.47 M in acquisition of machinery and equipment mainly due to replacement of a server in 2017-18.

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

During the first quarter of 2018-19, National Energy Board's Chief Operating Officer (COO) retired from Public Services effective June 26, 2018 and was not replaced.

A new business unit was established called Data & Information Management in Q1 2018-19.

As part of the NEB modernization review, on 20 June 2018, Bill C-69, An Act to enact the *Impact Assessment Act* and the *Canadian Energy Regulator Act*, to amend the *Navigation Protection Act* and to make consequential amendments to other Acts, passed third reading in the House of Commons, and the Bill is now with the Senate for its consideration. The Senate has adjourned for summer break and is scheduled to resume in September 2018.

The Bill proposes repealing the *National Energy Board Act*, resulting in the NEB's dissolution and enacting the *Canadian Energy Regulator Act*. All assets, liabilities and unexpended appropriations of the NEB will be transferred to the Canadian Energy Regulator on the date the *Canadian Energy Regulator Act* comes into force.



National Energy Board    Office national  
de l'énergie

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**Approval by Senior Officials**

Approved by,

*The original version was signed by*

*The original version was signed by*

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C. Peter Watson, P. Eng. FCAE

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Mark Power, CPA, CGA, CIA, MBA

Chair and CEO

Chief Financial Officer

*(Calgary, Canada)*  
*(29 August 2018)*



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For the quarter ended June 30, 2018

**STATEMENT OF AUTHORITIES**  
**(unaudited)**

*(in thousands of dollars)*

	<b>Fiscal year 2018-2019</b>			<b>Fiscal year 2017-2018</b>		
	Planned expenditures for the year ending March 31, 2019*	Expended during the quarter ended June 30, 2018	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2018*	Expended during the quarter ended June 30, 2017	Year to date used at quarter-end
Operating expenditures	69,727	18,838	18,838	77,404	3,518	3,518
Contributions to employee benefit plans	7,766	1,942	1,942	8,268	1,840	1,840
<b>Total Budgetary authorities</b>	<b>77,493</b>	<b>20,780</b>	<b>20,780</b>	<b>85,672</b>	<b>5,358</b>	<b>5,358</b>
<b>Non-budgetary authorities</b>						
<b>Total authorities</b>	<b>77,493</b>	<b>20,780</b>	<b>20,780</b>	<b>85,672</b>	<b>5,358</b>	<b>5,358</b>

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, 2018

**DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT (unaudited)**

<i>(in thousands of dollars)</i>	<b>Fiscal year 2018-2019</b>			<b>Fiscal year 2017-2018</b>		
	Planned expenditures for the year ending March 31, 2019	Expended during the quarter ended June 30, 2018	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2018	Expended during the quarter ended June 30, 2017	Year to date used at quarter-end
<b>Expenditures:</b>						
Personnel	58,855	16,812	16,812	59,685	3,384	3,384
Transportation and communications	3,073	735	735	4,442	248	248
Information	196	130	130	506	19	19
Professional and special services	10,609	2,338	2,338	12,337	885	885
Rentals	474	132	132	809	5	5
Repair and maintenance	1,187	427	427	607	78	78
Utilities, materials and supplies	372	48	48	506	55	55
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	1,363	50	50	1,416	520	520
Transfer payments	1,364	107	107	5,364	160	160
Public debt charges	-	-	-	-	-	-
Other subsidies and payments	-	1	1	-	4	4
<b>Total gross budgetary expenditures</b>	<b>77,493</b>	<b>20,780</b>	<b>20,780</b>	<b>85,672</b>	<b>5,358</b>	<b>5,358</b>
<b>Less</b>						
<b>Total Revenues netted against expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net budgetary expenditures</b>	<b>77,493</b>	<b>20,780</b>	<b>20,780</b>	<b>85,672</b>	<b>5,358</b>	<b>5,358</b>