



Quarterly Financial Report for the Quarter Ended June 30, 2023

**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 2023–2024 [Main Estimates](#).

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](#) for the 2023–2024 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, 2023, are \$203.8 million, compared to \$222.3 million as of June 30, 2022. The following table provides the detailed list of authorities by fiscal year:

Authority Vote/Statutory	Description	For the quarter ended June 30, 2023	For the quarter ended June 30, 2022
Vote 1	Operating Expenditures	152,986,024	120,864,333
Vote 1	Revenue credited to the vote	(5,200,000)	(4,200,000)
Vote 5	Capital Expenditures	40,537,795	93,384,668
Statutory	Spending of proceeds from the disposal of surplus Crown assets	2,916	16,514
Statutory	Contributions to employee benefit plans	15,511,154	12,274,023
Total authorities		203,837,889	222,339,538

The net decrease of \$18.5 million in funding results mainly from the following:

- A decrease of \$39.1 million for the real property portfolio, mainly explained by a substantial completion payment of \$36.1 million in 2022–23 for the new Preservation Storage Facility building in Gatineau;¹
- A decrease of \$16.3 million resulting from an alignment of the funding for the partnership between LAC, Ottawa Public Library and the City of Ottawa for the Ādisōke project;
- An increase of \$24.1 million for the access to information and litigation support function;
- An increase of \$7.2 million for the implementation of the Federal framework to address the legacy of residential schools announced in Budget 2022; and
- An increase of \$5.7 million in statutory adjustments.

¹ New building constructed in 2022 for the preservation of analog archival holdings in Gatineau, Quebec.

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 \$37.9 million as of June 30, 2023, compared to \$64.9 million as of June 30, 2022. The decrease of \$27.0 million is explained mainly by the following:

- A net decrease of \$33.0 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 project, as detailed below:
 - A net decrease of \$34.7 million in expenditures for “Acquisition of land, buildings and works” (mainly explained by the substantial completion payment of \$36.1 million made in 2022 for the Preservation Storage Facility, compensated by other expenses for the Ādisōke project in Ottawa, Ontario);
 - An increase of \$0.8 million in departmental expenditures related to “Professional and special services”; and
 - An increase of \$0.9 million in expenditures for “Public debt charges,” mainly for the portion related to interest payments for the Preservation Storage Facility;

- A net increase of \$3.3 million in expenditures related to personnel, mainly related to initiatives such as:
 - The access to information and litigation support function; and
 - The implementation of the Federal framework to address the legacy of residential schools announced in Budget 2022;

- A net increase of \$2.3 million in expenditures for “Other subsidies and payments,” mainly due to costs in the process of being reallocated to the appropriate standard object; and

- An increase of \$0.4 million in expenditures related to “Transfer payments,” mainly due to the timing of contribution payments for the Indigenous languages and cultures initiative.

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

Wanito Bernadin has been appointed Senior Director General, Digital Services, and Chief Information Officer, effective June 5, 2023.

There were no other significant changes in the organization's personnel, activities and programs during the first quarter, which ended on June 30, 2023.

Approval by senior officials

Original signed by:

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Librarian and Archivist of Canada
Library and Archives Canada
Gatineau, Quebec, Canada
August 8, 2023

Nancy Taillon
Assistant Deputy Minister,
Corporate Services, and Chief Financial Officer
Library and Archives Canada
Gatineau, Quebec, Canada
August 2, 2023

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Statement of Authorities (unaudited)

<i>(in dollars)</i>	Fiscal year 2023-2024			Fiscal year 2022-2023		
	Total available for use for the year ending March 31, 2024*	Used during the quarter ended June 30, 2023	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2023*	Used during the quarter ended June 30, 2022	Year-to-date used at quarter-end
Vote 1 – Operating Expenditures	147,786,024	30,565,146	30,565,146	116,664,333	23,252,654	23,252,654
Vote 5 – Capital Expenditures	40,537,795	3,439,104	3,439,104	93,384,668	38,584,756	38,584,756
Contributions to the employee benefit plans	15,511,154	3,877,789	3,877,789	12,274,023	3,068,506	3,068,506
Spending of proceeds from the disposal of surplus Crown assets	2,916	-	-	16,514	-	-
Total budgetary authorities	203,837,889	37,882,039	37,882,039	222,339,538	64,905,916	64,905,916
Non-budgetary authorities	-	-	-	-	-	-
Total authorities	203,837,889	37,882,039	37,882,039	222,339,538	64,905,916	64,905,916

*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 2023–2024			Fiscal year 2022–2023		
	Planned expenditures for the year ending March 31, 2024	Expended during the quarter ended June 30, 2023	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2023	Expended during the quarter ended June 30, 2022	Year-to-date used at quarter-end
Expenditures:						
Personnel	117,558,220	24,247,937	24,247,937	94,100,846	20,984,422	20,984,422
Transportation and communications	1,647,238	109,810	109,810	690,278	81,585	81,585
Information	767,795	9,357	9,357	244,646	8,255	8,255
Professional and special services	14,619,579	2,803,077	2,803,077	7,423,909	2,003,797	2,003,797
Rentals	3,503,133	1,980,684	1,980,684	1,072,549	1,640,896	1,640,896
Repair and maintenance	7,889,681	31,978	31,978	8,424,975	106,622	106,622
Utilities, materials and supplies	6,934,351	279,667	279,667	6,381,780	337,372	337,372
Acquisition of land, buildings and works	37,613,330	3,249,781	3,249,781	51,722,163	37,982,545	37,982,545
Acquisition of machinery and equipment	2,469,043	99,804	99,804	715,792	249,459	249,459
Transfer payments	3,305,000	1,568,081	1,568,081	3,520,500	1,217,528	1,217,528
Public debt charges	5,520,397	928,603	928,603	-	-	-
Other subsidies and payments	7,210,122	2,594,768	2,594,768	52,242,100	326,588	326,588
Total gross budgetary expenditures	209,037,889	37,903,547	37,903,547	226,539,538	64,939,069	64,939,069
Less Revenues netted against expenditures:						
Respendable Revenues	5,200,000	21,508	21,508	4,200,000	33,153	33,153
Total Revenues netted against expenditures	5,200,000	21,508	21,508	4,200,000	33,153	33,153
Total net budgetary expenditures	203,837,889	37,882,039	37,882,039	222,339,538	64,905,916	64,905,916