

Security Intelligence Review Committee

Quarterly Financial Report

**Statement outlining results, risks and significant changes in operations,
personnel and program
For the quarter ended June 30, 2011**

INTRODUCTION

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board Accounting Standard 1.3. This quarterly financial report should be read in conjunction with the *Main Estimates and Supplementary Estimates*.

This quarterly report has not been subject to an external audit or review.

AUTHORITY, MANDATE AND PROGRAM AUTHORITIES

The Security Intelligence Review Committee (SIRC) is an independent, external review body which reports to Parliament of Canada on the operations of the Canadian Security Intelligence Service (CSIS).

Parliament has given CSIS extraordinary powers to intrude on the privacy of individuals. SIRC ensures that these powers are used legally and appropriately, in order to protect Canadians' rights and freedoms. To do this, SIRC examines past operations of the Service and investigates complaints. It has absolute authority to examine all information concerning CSIS activities, no matter how sensitive and highly classified that information may be. The result of this work, edited to protect national security and personal privacy, are summarized in its Annual Report to Parliament.

Further information on SIRC's program activities can be located in Part II of the Main Estimates.

BASIS OF PRESENTATION

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the department's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and Supplementary Estimates for 2011-12 the fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework (using a cash basis) 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 appropriations acts or through legislation in the form of statutory spending authority for specific purposes.

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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.

The Department uses the full accrual method of accounting to prepare and present its 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 (YTD) RESULTS

Statement of Authorities

As of June 30, 2011, total authorities available for the year have increased by \$18 thousand when compared to the same quarter of 2010-11.

Yearly statutory authorities are directly affected by variations in the annual employee benefit plan rate. As per the Statement of Authorities, the net increase of \$18K can be mainly attributed to the increase in the rate of the employee benefit plan from 17% to 18% during 2011-12.

From year to year, variances in the budget by standard object change based on the priorities identified for the given fiscal year. For 2011-12 the focus will be on an increase in professional services due to current undertakings before the Federal Court where outside counsel are being retained. The reductions in transportation and communications as well as information costs projected for 2011-12 represents a better alignment of spending based on historical norms. The reduction in expenditures for the acquisition of machinery and equipment is due to the fact that significant investment in ever-greening was made in 2010-11 which has reduced the expected spending in 2011-12.

Statement of Departmental Budgetary Expenditures by Standard Object

The department's quarterly and year-to-date spending are similar to those of the previous year.

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RISKS AND UNCERTAINTIES

This Departmental Quarterly Financial Report (QFR) reflects the results of the current fiscal period in relation to the Main Estimates for which full supply was released on June 27, 2011. The department received no additional funding authorities in Supplementary Estimates A.

Although the Budget 2010 announced that the operating budgets of departments would be frozen at their 2010-11 levels for the fiscal years 2011-12 and 2012-13, SIRC has experienced a 6% reduction in its 2011-12 budget and is expected to absorb an additional reduction of 10% in 2012-13. This proposed 16% reduction of SIRC's operating budget is currently being reviewed by management. Options for implementing the reduction are limited due to the nature of the organization's budget - i.e. approximately 70% of SIRC's budget is attributed to salary and salary related costs.

SIGNIFICANT CHANGES IN RELATION TO OPERATIONS, PERSONNEL AND PROGRAMS

The most significant internal change to SIRC has been the organization's recent success in recruiting and retaining staff. SIRC started the 2011-12 fiscal year at near-capacity staffing levels which has not occurred in recent years.

Approved by:



Hon. Arthur Thomas Porter
Chair

Ottawa, Canada
Date



Susan Pollak
Executive Director
Senior Financial Officer

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STATEMENT OF AUTHORITIES *(unaudited)*

	Fiscal year 2011-2012			Fiscal year 2010 2011		
	Planned expenditures for the year ending March 31, 2012	Used during the quarter ended June 30, 2011	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2011	Used during the quarter ended June 30, 2010	Year to date used at quarter end
<i>(In thousands of dollars)</i>						
Vote 1 - Net operating expenditures	2,708	447	447	2,707	483	483
Budgetary statutory authorities	305	76	76	288	72	72
Total budgetary authorities	3,014	523	523	2,996	555	555
TOTAL AUTHORITIES	3,014	523	523	2,996	555	555

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

Note: Details may not add to totals due to rounding

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TABLE 1: Departmental budgetary expenditures by Standard Object *(unaudited)*

	Fiscal year 2011-2012			Fiscal year 2010 2011		
	Planned expenditures for the year ending March 31,2012	Expended during the quarter ended June 30, 2011	Year to date used at quarter end	Planned expenditures for the year ending March 31,2011	Expended during the quarter ended June 30, 2010	Year to date used at quarter end
<i>(In thousands of dollars)</i>						
Expenditures						
Personnel	2,002	436	436	1,983	445	445
Transportation and communications	177	26	26	323	48	48
Information	29	6	6	94	21	21
Professional and special services	708	42	42	426	36	36
Rentals	19	8	8	20	2	2
Repair and maintenance	5	2	2	35	-	-
Utilities, materials and supplies	24	1	1	24	3	3
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	40	1	1	89	-	-
Transfer payments	-	-	-	-	-	-
Other subsidies and payments	11	1	1	2	-	-
Total gross budgetary expenditures	3,014	523	523	2,996	555	555
TOTAL NET BUDGETARY EXPENDITURES	3,014	523	523	2,996	555	555

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

Note: Details may not add to totals due to rounding