

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, 2017

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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 Directive on Accounting Standards, GC 4400 Departmental Quarterly Financial Report. This quarterly financial report should be read in conjunction with the *Main Estimates* and previous Quarterly Financial Reports.

A summary description of the Security Intelligence Review Committee (SIRC) program activities can be found in Part II of the *Main Estimates*. For information on the mandate of SIRC, please visit its website at <http://www.sirc-csars.gc.ca>.

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

Mandate

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

Parliament has given CSIS powers to enhance the security of Canadians. SIRC reports on whether these powers are used appropriately and in accordance with the rule of law in order to protect Canadians' rights and freedoms. To do this, SIRC examines past operations of CSIS and conducts investigations. 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.

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SIRC's work is designed first and foremost to inform Canadians on whether CSIS investigates threats to national security in a manner that respects Canada's core democratic values. It also serves to provide expert advice to policymakers and lawmakers on CSIS's performance. The Canadian Security Intelligence Service Act (CSIS Act) continues to guide SIRC's work in assessing CSIS's performance against the mandate and authorities conferred upon it by Parliament.

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 2017-18 *Main Estimates* and *Supplementary Estimates (A)* for the same year. This quarterly report has been prepared using a special purpose financial reporting framework (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 appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

SIRC 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

This section highlights the significant items that contributed to the net increase or decrease in authorities available for the year and actual expenditures for the quarter ended June 30, 2017.

SIRC spent approximately 13% of its authorities by the end of the first quarter, compared to 10% in the same quarter of 2016-17 (see graph 1 below).

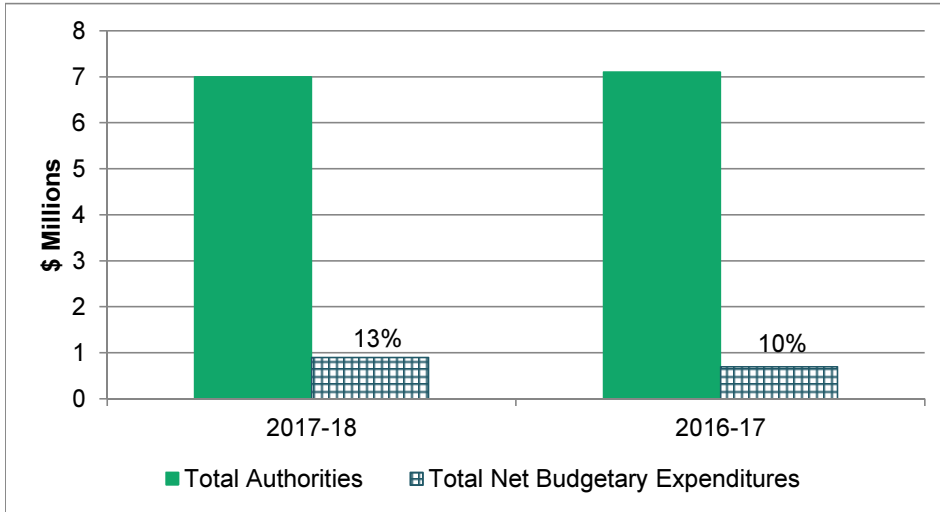
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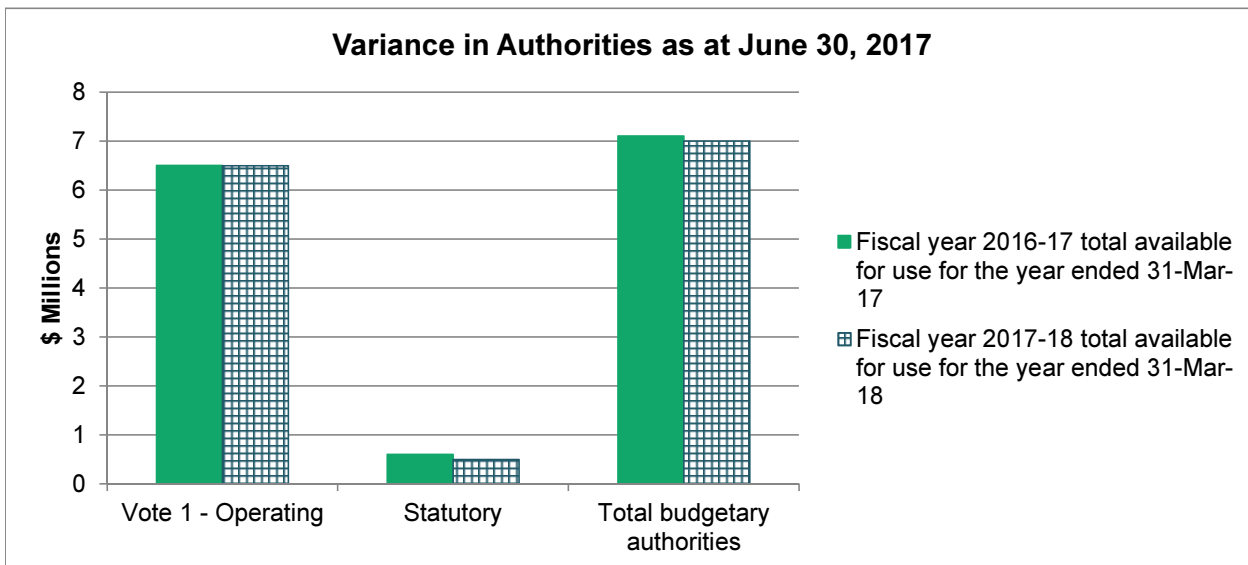
Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q1 2017-2018 and 2016-2017



Significant changes to authorities

As per graph 2 below as at June 30, 2017 and Table 1, presented at the end of this document, SIRC has authorities available for use of \$7,021,646 in 2017-18 compared to \$7,146,808 as of June 30, 2016, for a net decrease of \$125,162 or 1%.

Graph 2: Variance in Authorities as at June 30, 2017



SIRC's authorities as at June 30, 2017 is very similar to that of same quarter in the previous fiscal year. The decrease of \$125,162, or 1% is mainly related to spending for SIRC's relocation and modernization project.

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Significant changes to expenditures

Year-to-date expenditures recorded to the end of the first quarter increased by \$256,465, or 37%, from previous year at the same time (from \$686,617 for 2016-17 to \$943,082 for 2017-18). Table 1 below presents budgetary expenditures by standard object.

Material Variances to Expenditures by Standard Object (in thousands of dollars)	Fiscal year 2017-18 Expended during the quarter ended 30-June-2017	Fiscal year 2016-17 Expended during the quarter ended 30-June-2016	Variance \$	Variance %
Personnel	722	579	143	25%
Transportation and communications	55	41	14	34%
Information	1	3	(2)	(67%)
Professional and special services	143	23	120	522%
Rentals	14	8	6	75%
Utilities, materials and supplies	6	8	(2)	(25%)
Acquisition of machinery and equipment	5	21	(16)	(76%)
Other subsidies and payments	(4)	4	(8)	(200%)
Total gross budgetary expenditures	943	687	256	37%

Personnel

The increase of \$143,092 is mainly related to activities to support the increase in the complexity and volume of workload related to SIRC's review of the expanded operations of CSIS and employee benefit plans in accordance with Treasury Board Secretariat guidelines.

Professional and special services

The increase of \$119,447 is for professional and special services related to SIRC's implementation of the case management project.

Other subsidies and payments

The decrease of \$7,760 is mainly related to the recovery of a salary overpayment.

Risks and Uncertainties

This Departmental Quarterly Financial Report (QFR) reflects the results of the current fiscal period in relation to the *2017-18 Main Estimates* and *2017-18 Supplementary Estimates (A)* (full supply for these *Estimates* were released on June 23, 2017).

SIRC continues to adapt its operations to the rapid pace of change in the security intelligence environment.

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Significant Changes In Relation To Operations, Personnel and Programs

SIRC's activities have increased in volume and complexity due to the Canadian Security Intelligence Services (CSIS) expanded mandate. SIRC accessed funds through the *2017-18 Main Estimates* and refiled funds through *2017-18 Supplementary Estimates (A)*. These funds are being used for the Relocation and IM/IT modernization project and to further enhance on a short basis SIRC's coverage of CSIS activities.

Approved by: (Original signed by)

Original signed by

Hon. Pierre Blais, P.C.
Chair

Original signed by

Michael E. Doucet
Executive Director
Chief Financial Officer

*Ottawa, Canada
August 29, 2017*

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STATEMENT OF AUTHORITIES *(unaudited) (note 2)*

<i>(In thousands of dollars)</i>	Fiscal year 2017-2018			Fiscal year 2016-2017		
	Total available for use for the year ending March 31, 2018 (note 1)	Used during the quarter ended June 30, 2017	Year to date used at quarter end	Total available for use for the year ending March 31, 2017 (note 1)	Used during the quarter ended June 30, 2016	Year to date used at quarter end
Vote 1 - Net operating expenditures	6,477	807	807	6,522	633	633
Contributions to employee benefit plans	545	136	136	625	54	54
Total budgetary authorities	7,022	943	943	7,147	687	687
TOTAL AUTHORITIES	7,022	943	943	7,147	687	687

Note 1: Includes only Authorities available for use and granted by Parliament at quarter-end

Note 2: Details may not add to totals due to rounding

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TABLE 1: Departmental budgetary expenditures by Standard Object *(unaudited) (note 2)*

(In thousands of dollars)

	Fiscal year 2017-2018			Fiscal year 2016-2017		
	Planned expenditures for the year ending March 31, 2018 (note 1)	Used during the quarter ended June 30, 2017	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2017 (note 1)	Used during the quarter ended June 30, 2016	Year to date used at quarter end
Expenditures						
Personnel	4,015	722	722	4,012	579	579
Transportation and communications	213	55	55	236	41	41
Information	47	1	1	47	3	3
Professional and special services	820	143	143	630	23	23
Rentals	100	14	14	42	8	8
Repair and maintenance	4	-	-	2	-	-
Utilities, materials and supplies	26	6	6	78	8	8
Acquisition of land, buildings and works	97	-	-	-	-	-
Acquisition of machinery and equipment	1,700	5	5	2,100	21	21
Other subsidies and payments	-	(4)	(4)	-	4	4
Total gross budgetary expenditures	7,022	943	943	7,147	687	687
TOTAL AUTHORITIES	7,022	943	943	7,147	687	687

Note 1: Includes only Authorities available for use and granted by Parliament at quarter-end

Note 2: Details may not add to totals due to rounding