

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, 2018

Table of Contents

- Introduction
- Mandate
- Basis of Presentation
- Highlights of Fiscal Quarter and Fiscal Year to Date Results
 - Significant changes to authorities
 - Significant changes to expenditures
- Risks and Uncertainties
- Significant Changes In Relation To Operations, Personnel and Programs
- Approval by Senior Officials
- Appendix

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*, as well as 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.

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, 2018

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 2018-19 *Main Estimates*. 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, 2018.

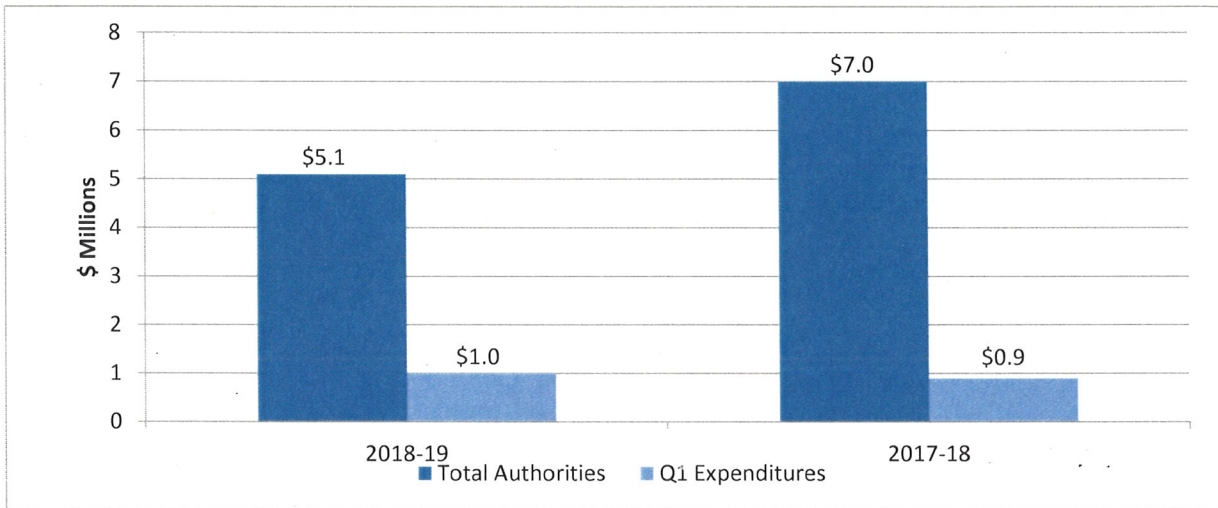
SIRC spent approximately 20% of its authorities by the end of the first quarter, compared to 13% in the same quarter of 2017-18 (see graph 1 below).

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, 2018

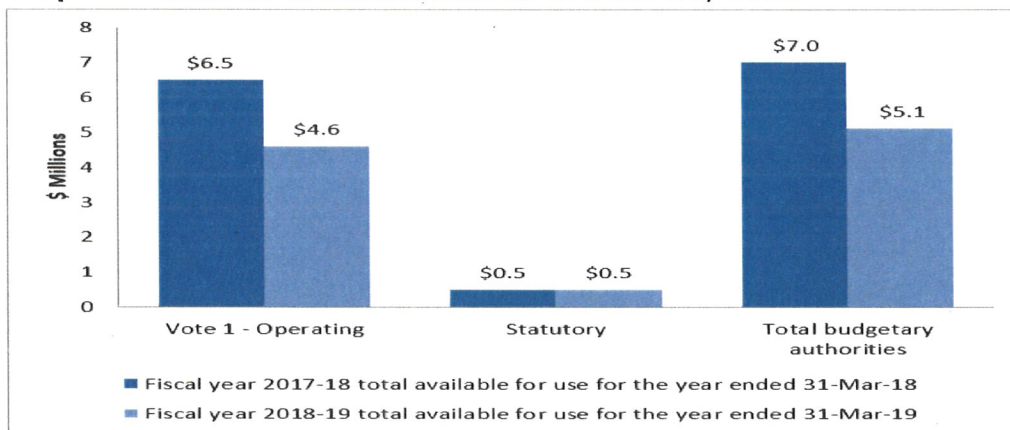
Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q1 2018-2019 and 2017-2018



Significant changes to authorities

As per graph 2 below as at June 30, 2018 and Table 1, presented at the end of this document, SIRC has authorities available for use of \$5.1 million in 2018-19 compared to \$7.0 million as of June 30, 2017, for a net decrease of \$1.9 million or 27%.

Graph 2: Variance in Authorities as at June 30, 2018



The authorities decrease of \$1.9 million is explained by the end of funding for SIRC's relocation project. SIRC changed office space by the end of March 2018.

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, 2018

Significant changes to expenditures

Year-to-date expenditures recorded to the end of the first quarter increased by \$82K, or 9%, from previous year at the same time. Table 1 below presents budgetary expenditures by standard object.

Table 1

Material Variances to Expenditures by Standard Object (in thousands of dollars)	Fiscal year 2018-19 Expended during the quarter ended 30-June-2018	Fiscal year 2017-18 Expended during the quarter ended 30-June-2017	Variance \$	Variance %
Personnel	693	722	(29)	(4%)
Transportation and communications	47	55	(8)	(15%)
Information	28	1	27	2700%
Professional and special services	103	143	(40)	(28%)
Rentals	17	14	3	21%
Repair and maintenance	15	-	15	-
Utilities, materials and supplies	2	6	(4)	(67%)
Acquisition of machinery and equipment	100	5	95	1900%
Other subsidies and payments	20	(4)	24	(600%)
Total gross budgetary expenditures	1,025	943	82	9%

* Details may not add to totals due to rounding

Transportation and Communications

The decrease is related to a SIRC review that is not required this quarter.

Information

The increase of \$27,000 is related to the earlier production of the SIRC Annual Report. The previous year's annual report was released in September 2017.

Professional and Special Services

The decrease relates to Case Management Project which was completed last fiscal year.

Repair and maintenance

The increase is related to SIRC's end of year relocation project, as well as minor repairs and maintenance to the new SIRC office in the new fiscal year.

Acquisition of machinery and equipment

The increase of \$95,000 is mainly related to the delay of SIRC's relocation. This delay impacted the installation and configuration of computer and networking equipment; which was pushed to the new fiscal year.

Other Subsidies and payments

This increase is due to an international interchange agreement.

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, 2018

Risks and Uncertainties

This Departmental Quarterly Financial Report (QFR) reflects the results of the current fiscal period in relation to the *2018-19 Main Estimates* (full supply for these *Estimates* were released in June 2018).

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

SIRC is closely monitoring pay transactions to identify and address over and under payments in a timely manner and continues to apply ongoing mitigating controls which were implemented in 2016.

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 *2018-19 Main Estimates*. There have also been additional costs associated with the relocation of SIRC, as well as the IM/IT modernization project.

Approved by Senior Officials: (Original signed by)

Original signed by _____

Hon. Pierre Blais, P.C.
Chair

Original signed by _____

Chantelle Bowers
A/Executive Director
A/Chief Financial Officer

Ottawa, Canada

09-28-2018

Security Intelligence Review Committee

For the quarter ended June 30, 2018

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

(In thousands of dollars)

	Fiscal year 2018-2019			Fiscal year 2017-2018		
	Planned expenditures for the year ending March 31, 2019 (note 1)	Used during the quarter ended June 30, 2018	Year to date used at quarter end	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
Expenditures						
Personnel	3,989	693	694	4,015	722	722
Transportation and communications	223	47	47	213	55	55
Information	73	28	28	47	1	1
Professional and special services	447	103	103	820	143	143
Rentals	67	17	17	100	14	14
Repair and maintenance	3	15	15	4	-	-
Utilities, materials and supplies	28	2	2	26	6	6
Acquisition of land, buildings and works	-	-	-	97	-	-
Acquisition of machinery and equipment	303	100	100	1,700	5	5
Other subsidies and payments	2	20	20	-	(4)	(4)
Total gross budgetary expenditures	5,134	1,025	1,025	7,022	943	943
TOTAL AUTHORITIES	5,134	1,025	1,025	7,022	943	943

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