

# 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, 2019

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### Introduction

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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

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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

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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* for the 2019-20 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.

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

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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, 2019.

There was no significant change in the total authorities available for use by SIRC compared to previous year, with only a slight increase of \$0.1 million.

SIRC spent approximately 15% of its authorities by the end of the first quarter, compared to 20% in the same quarter of 2018-19 (see graph 1 below).

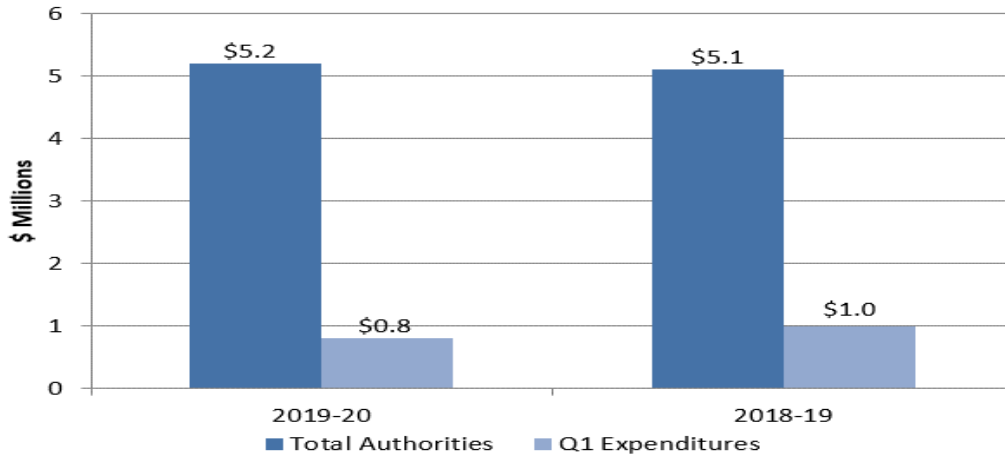
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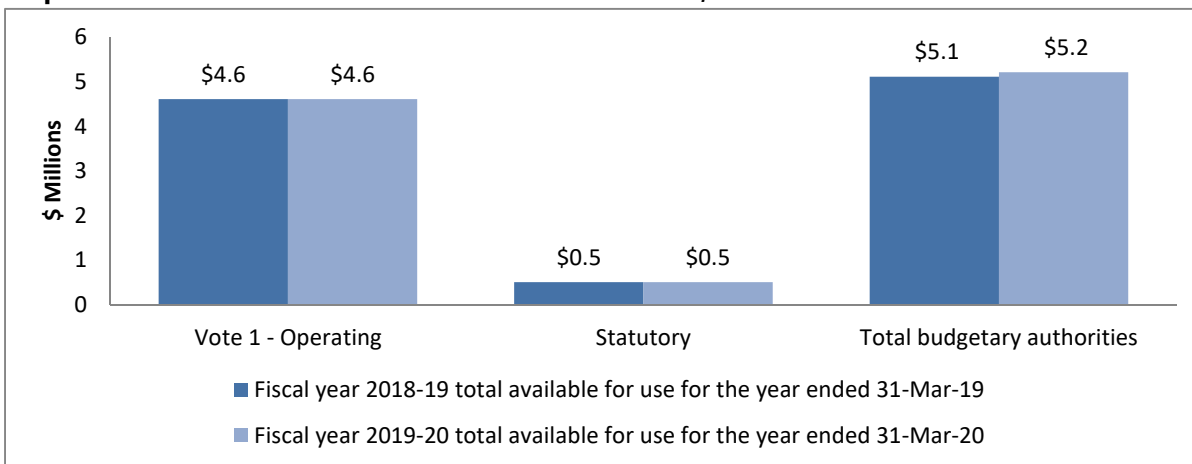
**Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q1 2019-20 and 2018-19**



### Significant changes to authorities

As per graph 2 below as at June 30, 2019 and Table 1, presented at the end of this document, SIRC has authorities available for use of \$5.2 million in 2019-20 compared to \$5.1 million as of June 30, 2018, resulting in minimal variance quarter over quarter.

**Graph 2: Variance in Authorities as at June 30, 2019**



\* Details may not add to totals due to rounding

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### Significant changes to expenditures

Year-to-date expenditures recorded to the end of the first quarter decreased by \$224K, or 22%, from previous year at the same time. Table 1 below presents budgetary expenditures by standard object.

**Table 1**

YTD Expenditures				
Material Variances to Expenditures by Standard Object	YTD Expenditures as of 30-June-2019	YTD Expenditures as of 30-June-2018	Variance \$	Variance %
(in thousands of dollars)				
Personnel	548	693	(145)	(21%)
Transportation and communications	30	47	(17)	(36%)
Information	4	28	(24)	(86%)
Professional and special services	87	103	(16)	(16%)
Rentals	25	17	8	47%
Repair and maintenance	1	15	(14)	(93%)
Utilities, materials and supplies	3	2	1	50%
Acquisition of machinery and equipment	5	100	(95)	(95%)
Other subsidies and payments	97	20	77	385%
<b>Total gross budgetary expenditures</b>	<b>801</b>	<b>1,025</b>	<b>(224)</b>	<b>(22%)</b>

\* Details may not add to totals due to rounding

#### *Personnel*

The decrease of \$145,000 is mainly related to Salary Overpayments transactions for a number of employees.

#### *Information*

The decrease of \$24,000 is mainly explained by the earlier production of the SIRC Annual Report in 2018-19.

#### *Acquisition of machinery and equipment*

The decrease of \$95,000 is mainly explained by the delay of SIRC's relocation. This delay impacted the installation and configuration of computer and networking equipment, which was pushed from 2017-18 to 2018-19 fiscal year.

#### *Other Subsidies and payments*

This increase is due to multiple Salary Overpayments processed in first quarter of 2019-20.

### Risks and Uncertainties

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This Departmental Quarterly Financial Report (QFR) reflects the results of the current fiscal period in relation to the 2019-20 Main Estimates (full supply for these Estimates were released in June 2019).

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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

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SIRC's activities have increased in volume and complexity due to the Canadian Security Intelligence Services (CSIS) expanded mandate. SIRC accessed funds through the *2019-20 Main Estimates*.

On June 21, 2019 the bill C-59 to create the National Security and Intelligence Review Agency, or NSIRA, received Royal Assent. NSIRA will be responsible for reviewing intelligence and national security activities across government. This new expanded mandate is expected to bring big changes to Operations and Personnel in the years to come. During this year, SIRC will manage its ongoing work while, at the same time, taking those actions that are appropriate to contribute to a smooth transition to NSIRA, and in such a way as to minimize the disruption to its review and investigations work.

Approved by: (Original signed by)

Original signed by \_\_\_\_\_

John Davies  
Executive Director

Original signed by \_\_\_\_\_

Chantelle Bowers  
A/Chief Financial Officer

*Ottawa, Canada*

*Date: August 28, 2019*

## Security Intelligence Review Committee

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

	Fiscal year 2019-2020			Fiscal year 2018-2019		
	Total available for use for the year ending March 31, 2020 (note 1)	Used during the quarter ended June 30, 2019	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2019 (note 1)	Used during the quarter ended June 30, 2018	Year-to-date used at quarter-end
<i>(In thousands of dollars)</i>						
Vote 1 - Net operating expenditures	4,629	670	670	4,607	893	893
Budgetary statutory authorities - Contributions to employee benefit plans	526	131	131	526	132	132
Total budgetary authorities	5,155	801	801	5,133	1,025	1,025
<b>TOTAL AUTHORITIES</b>	<b>5,155</b>	<b>801</b>	<b>801</b>	<b>5,133</b>	<b>1,025</b>	<b>1,025</b>

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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## Departmental budgetary expenditures by Standard Object *(unaudited) (note 2)*

*(In thousands of dollars)*

	Fiscal year 2019-2020			Fiscal year 2018-2019		
	Planned expenditures for the year ending March 31, 2020 (note 1)	Expended during the quarter ended June 30, 2019	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2019 (note 1)	Expended during the quarter ended June 30, 2018	Year-to-date used at quarter-end
<b>Expenditures</b>						
Personnel	3,962	548	548	3,989	693	693
Transportation and communications	232	30	30	223	47	47
Information	76	4	4	73	28	28
Professional and special services	465	87	87	447	103	103
Rentals	70	25	25	67	17	17
Repair and maintenance	4	1	1	3	15	15
Utilities, materials and supplies	29	3	3	28	2	2
Acquisition of machinery and equipment	315	5	5	303	100	100
Other subsidies and payments	2	97	97	2	20	20
<b>Total gross budgetary expenditures</b>	<b>5,155</b>	<b>801</b>	<b>801</b>	<b>5,134</b>	<b>1,025</b>	<b>1,025</b>
<b>TOTAL AUTHORITIES</b>	<b>5,155</b>	<b>801</b>	<b>801</b>	<b>5,134</b>	<b>1,025</b>	<b>1,025</b>

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