

Security Intelligence Review Committee

Quarterly Financial Report

Statement outlining results, risks and significant changes in operations,
personnel and program

For the quarter ended September 30, 2016

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 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. 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* for the 2016-17 fiscal 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.

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.

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.

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HIGHLIGHTS OF FISCAL QUARTER AND FISCAL YEAR TO DATE (YTD) 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 September 30, 2016.

Statement of Authorities

Authorities available for use:

SIRC's total authorities for 2016-17 increased by \$4,444,284 when compared to 2015-16 (from \$2,821,642 in 2015-16 to \$7,265,926 in 2016-17). The increase is mainly related to the funding sought through *Supplementary Estimates (A)* for SIRC's relocation and modernization project and to support an increase in the complexity and volume of workload related to the SIRC's review of the expanded operations of the Canadian Security Intelligence Service. In addition, SIRC's Operating Budget Carry Forward (OBCF) increased by \$93,844 (from \$25,274 in 2015-16 to \$119,118 in 2016-17).

Authorities used during the quarter:

SIRC's 2016-17 expenditures for the quarter ended September 30, 2016 have increased by \$184,836 when compared to the 2015-16 expenditures for the same quarter. Further information related to this increase is provided in the section below addressing the Statement of Departmental Budgetary Expenditures by Standard Object.

Year-to-date authorities used:

Overall, SIRC's 2016-17 year-to-date expenditures as of September 30, 2016 have increased by \$254,069 when compared to year-to-date expenditures at the same time last year (from \$1,234,648 in 2015-16 to \$1,488,717 in 2016-17). Further information related to this increase is provided in the section below addressing the Statement of Departmental Budgetary Expenditures by Standard Object.

Statement of Departmental Budgetary Expenditures by Standard Object

Authorities available for use:

Please refer to the explanation provided under the Statement of Authorities section for related information.

Authorities used during the quarter:

SIRC's 2016-17 expenditures for the quarter ended September 30, 2016 have increased by \$184,836 when compared to the 2015-16 expenditures for the same quarter. Please refer to the Year-to-date section for further explanation.

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Year-to-date authorities used:

The increase of \$254,069 in the year-to-date used at quarter-end in comparison to 2015-16 is mainly explained by:

Personnel

The increase of \$169,197 is mainly due to staffing of new positions related to activities to support an increase in the complexity and volume of workload related to the SIRC's review of the expanded operations of the Canadian Security Intelligence Service.

Acquisition of equipment

The increase of \$35,048 is for the acquisition of computer equipment related to SIRC's relocation and modernization project.

Transportation and communication

The increase of \$27,095 is mainly due to additional travel costs to support the increase in the complexity and volume of SIRC's workload to adjust to CSIS' expanded mandate.

Professional Services

The increase of \$25,955 is mainly related to the hiring of professional services to assist SIRC with its Human Resources processes as a result of its increased capacity. In addition, SIRC's Research Directorate hired a specialist to develop a Risk Management Framework to support the development of its research plan.

RISKS AND UNCERTAINTIES

This Departmental Quarterly Financial Report (QFR) reflects the results of the current fiscal period in relation to the *2016-17 Main Estimates* and *2016-17 Supplementary Estimates (A)* (full supply for *Main Estimates* and supply for *Supplementary Estimates (A)* were released on June 23, 2016).

SIRC continues to adapt its operations to the rapid pace of change in the security intelligence environment, especially in light of the newly tabled legislation to establish the National Security and Intelligence Committee of Parliamentarians (NSICOP).

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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 Supplementary Estimates. 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 Senior Officials: (original signed by)

Hon. Pierre Blais, P.C.
Chair

Michael E. Doucet
Executive Director
Chief Financial Officer

*Ottawa, Canada
November 29, 2016*

Security Intelligence Review Committee

For the quarter ended September 30, 2016

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

	Fiscal year 2016-2017			Fiscal year 2015-2016		
	Total available for use for the year ending March 31, 2017 (note 1)	Used during the quarter ended September 30, 2016	Year to date used at quarter end	Total available for use for the year ending March 31, 2016 (note 1)	Used during the quarter ended September 30, 2015	Year to date used at quarter end
<i>(In thousands of dollars)</i>						
Vote 1 - Net operating expenditures	6,641	748	1,381	2,505	538	1,103
Contributions to employee benefit plans	625	54	108	317	79	132
Total budgetary authorities	7,266	802	1,489	2,822	617	1,235
TOTAL AUTHORITIES	7,266	802	1,489	2,822	617	1,235

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

(In thousands of dollars)

	Fiscal year 2016-2017			Fiscal year 2015-2016		
	Planned expenditures for the year ending March 31, 2017 (note 1)	Used during the quarter ended September 30, 2016	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2016 (note 1)	Used during the quarter ended September 30, 2015	Year to date used at quarter end
Expenditures						
Personnel	4,012	627	1,205	2,229	498	1,036
Transportation and communications	236	63	105	165	44	77
Information	47	5	8	27	12	15
Professional and special services	730	80	103	309	48	77
Rentals	42	1	9	40	4	13
Repair and maintenance	2	1	1	-	-	-
Utilities, materials and supplies	78	6	13	26	8	11
Acquisition of machinery and equipment	2,119	18	39	26	1	4
Other subsidies and payments	-	1	6	-	2	2
Total gross budgetary expenditures	7,266	802	1,489	2,822	617	1,235
TOTAL AUTHORITIES	7,266	802	1,489	2,822	617	1,235

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.