

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, 2017

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 and the Supplementary 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 September 30, 2017

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, Supplementary Estimates (A) and TB Central Votes* 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.

Security Intelligence Review Committee

Quarterly Financial Report

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

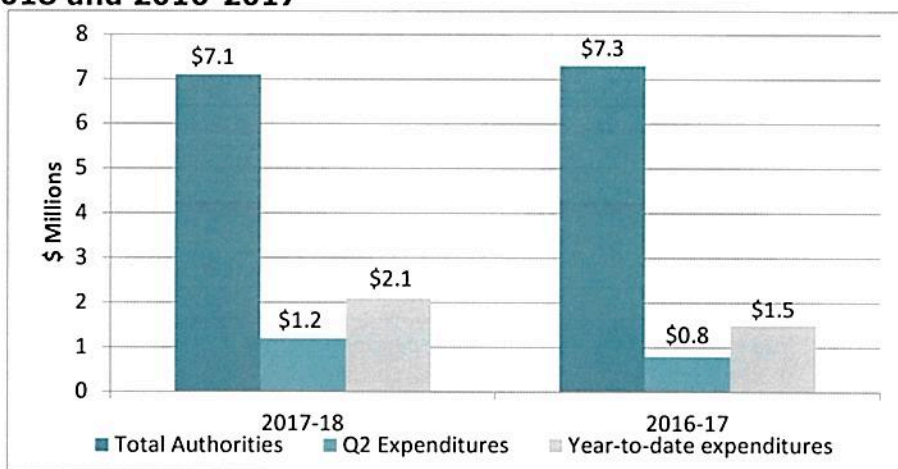
For the quarter ended September 30, 2017

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 September 30, 2017.

SIRC spent approximately 30% of its authorities by the end of the second quarter, compared to 21% in the same quarter of 2016-17 (see graph 1 below).

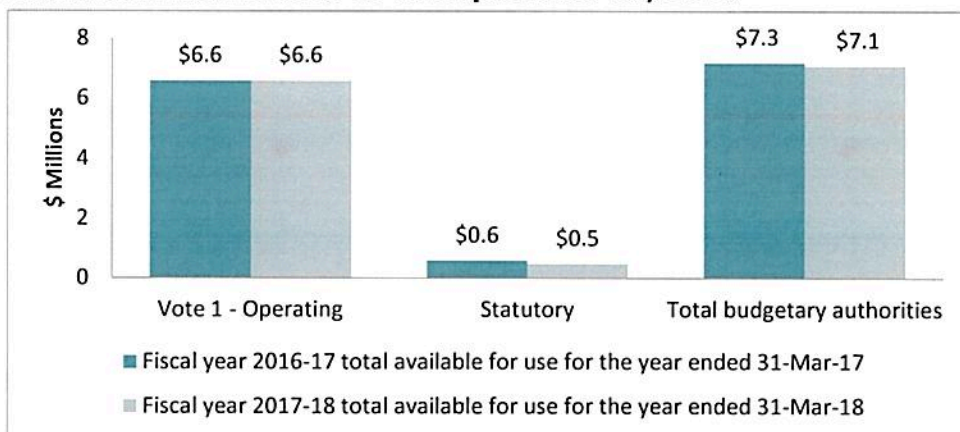
Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q2 2017-2018 and 2016-2017



Significant changes to authorities

As per graph 2 below as at September 30, 2017 and Table 2, presented at the end of this document, SIRC has authorities available for use of \$7,145,516 in 2017-18 compared to \$7,265,926 as of September 30, 2016, for a net decrease of \$120,410 or 2%.

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



SIRC's authorities as at September 30, 2017 are very similar to that of same period in the previous fiscal year. The decrease of \$120,410, or 2% is mainly related to spending for SIRC's relocation and modernization project as well as a decrease in the EBP rate.

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, 2017

Significant changes to quarter expenditures

The second quarter expenditures recorded from July 1st 2017 to September 30 2017 increased by \$362,090 or 45%, from previous year at the same time (from \$802,100 for 2016-17 to \$1,164,191 for 2017-18). Table 1 below presents budgetary expenditures by standard object.

Table 1

Material Variances to Expenditures by Standard Object (in thousands of dollars)	Fiscal year 2017-18 Expended during the quarter ended 30-Sept-2017	Fiscal year 2016-17 Expended during the quarter ended 30-Sept-2016	Variance \$	Variance %
Personnel	824	627	197	31%
Transportation and communications	70	63	7	11%
Information	12	5	7	140%
Professional and special services	124	80	44	55%
Rentals	14	1	13	1300%
Repair and maintenance	-	1	(1)	(100%)
Utilities, materials and supplies	6	6	0	0%
Acquisition of machinery and equipment	111	18	93	517%
Other subsidies and payments	4	1	3	300%
Total gross budgetary expenditures	1,165	802	363	45%

* Details may not add to totals due to rounding

Personnel

The increase of \$197,575 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 \$43,577 is for professional and special services related to SIRC's implementation of the case management project and relocation project.

Acquisition of machinery & equipment

The increase of \$92,647 is mainly explained by the renewal of computer and networking equipment related to SIRC's relocation project.

Significant changes to Year-to-date expenditures

Year-to-date expenditures recorded as of September 30 2017 increased by \$618,555 or 42%, from previous year at the same time (from \$1,488,717 for 2016-17 to \$2,107,273 for 2017-18). Table 2 below presents budgetary expenditures by standard object.

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, 2017

Table 2

Material Variances to Expenditures by Standard Object (in thousands of dollars)	YTD Expenditures as of 30-Sept-2017	YTD Expenditures as of 30-Sept-2016	Variance \$	Variance %
Personnel	1,546	1,205	341	28%
Transportation and communications	125	105	20	19%
Information	13	8	5	63%
Professional and special services	266	103	163	158%
Rentals	28	9	19	211%
Repair and maintenance	-	1	(1)	(100%)
Utilities, materials and supplies	12	13	(1)	(8%)
Acquisition of machinery and equipment	116	39	77	0%
Other subsidies and payments	1	6	(5)	(83%)
Total gross budgetary expenditures	2,107	1,489	618	42%

* Details may not add to totals due to rounding

Personnel

The increase of \$340,667 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 \$163,024 is for professional and special services related to SIRC's implementation of the case management project and relocation project.

Acquisition of machinery and equipment

The increase of \$77,207 is mainly explained by the renewal of computer and networking equipment related to SIRC's relocation project.

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.

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.

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, 2017

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 reprofiled 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 Senior Officials: (Original signed by)

Original signed by _____

Hon. Pierre Blais, P.C.

Ottawa, Canada

Date:

Original signed by _____

Michael E. Doucet

Executive Director

Chief Financial Officer

Security Intelligence Review Committee

For the quarter ended September 30, 2017

STATEMENT OF AUTHORITIES (unaudited) (note 2)

	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 September 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 September 30, 2016	Year to date used at quarter end
(In thousands of dollars)						
Vote 1 - Net operating expenditures	6,600	1,028	1,835	6,641	748	1,381
Contributions to employee benefit plans	546	137	272	625	54	108
Total budgetary authorities	7,146	1,165	2,107	7,266	802	1,489
TOTAL AUTHORITIES	7,146	1,165	2,107	7,266	802	1,489

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

Security Intelligence Review Committee

For the quarter ended September 30, 2017

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

	Fiscal year 2017-2018			Fiscal year 2016-2017		
	Planned expenditures for the year ending March 31, 2018 (note 1)	Used during the quarter ended September 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 September 30, 2016	Year to date used at quarter end
<i>(In thousands of dollars)</i>						
Expenditures						
Personnel	4,015	824	1,546	4,012	627	1,205
Transportation and communications	213	70	125	236	63	105
Information	47	12	13	47	5	8
Professional and special services	944	124	266	730	80	103
Rentals	100	14	28	42	1	9
Repair and maintenance	4	-	-	2	1	1
Utilities, materials and supplies	26	6	12	78	6	13
Acquisition of land, buildings and works	97	-	-	-	-	-
Acquisition of machinery and equipment	1,700	111	116	2,119	18	39
Other subsidies and payments	-	4	1	-	1	6
Total gross budgetary expenditures	7,146	1,165	2,107	7,266	802	1,489
TOTAL AUTHORITIES	7,146	1,165	2,107	7,266	802	1,489

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