

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, 2018

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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*, 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.

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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 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 September 30, 2018.

SIRC spent approximately 40% of its authorities by the end of the second quarter, compared to 30% in the same quarter of 2017-18 (see graph 1 below).

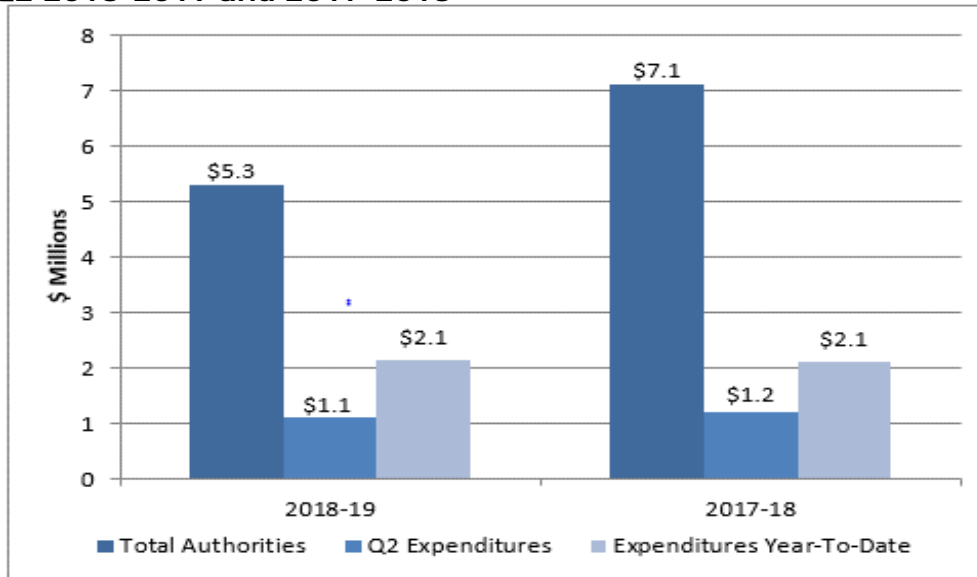
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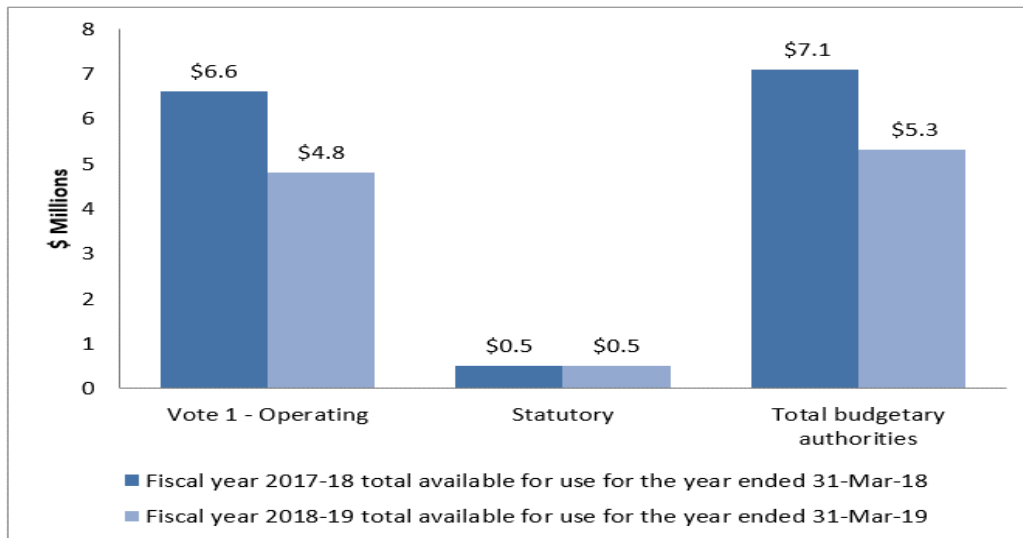
Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q2 2018-2019 and 2017-2018



Significant changes to authorities

As per graph 2 below as at September 30, 2018 and Annex A, presented at the end of this document, SIRC has authorities available for use of \$5.3 million in 2018-19 compared to \$7.1 million as of September 30, 2017, for a net decrease of \$1.8 million or 25%.

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



The authorities decrease of \$1.8 million is explained mainly by: The end of funding for the SIRC Relocation project. SIRC changed office space at the end of March 2018.

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Significant changes to year-to-date expenditures

Year-to-date expenditures recorded to the end of the second quarter increased by \$31K, or 1%, 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)	YTD Expenditures as of 30-Sept-2018	YTD Expenditures as of 30-Sept-2017	Variance \$	Variance %
Personnel	1,583	1,546	37	2%
Transportation and communications	141	125	16	13%
Information	28	13	15	115%
Professional and special services	180	266	(86)	(32%)
Rentals	22	28	(6)	(21%)
Repair and maintenance	19	-	19	0%
Utilities, materials and supplies	3	12	(9)	(75%)
Acquisition of machinery and equipment	113	116	(3)	(3%)
Other subsidies and payments	49	1	48	4800%
Total gross budgetary expenditures	2,138	2,107	31	1%

* Details may not add to totals due to rounding

Information

The increase of \$15K is mainly related to the earlier production of the SIRC Annual Report in June 2018. The previous year's annual report was released in September 2017.

Repair and maintenance

The increase of \$19K is due 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.

Other subsidies and payments

The increase of \$48K is mainly due to an international secondment agreement.

Note

The decreases in standard objects highlighted above are related to the funding received for the SIRC relocation which took place in March 2018.

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Significant changes to quarter expenditures

The second quarter expenditures recorded to the end of the second quarter decreased by \$52K, or 4%, from the previous year at the same time. Table 2 below presents budgetary expenditures by standard object.

Table 2

Material Variances to Expenditures by Standard Object (in thousands of dollars)	Fiscal year 2018-19 Expended during the quarter ended 30-Sept-2018	Fiscal year 2017-18 Expended during the quarter ended 30-Sept-2017	Variance \$	Variance %
Personnel	890	824	66	8%
Transportation and communications	94	70	24	34%
Information	-	12	(12)	(100%)
Professional and special services	77	124	(47)	(38%)
Rentals	5	14	(9)	(64%)
Repair and maintenance	4	-	4	0%
Utilities, materials and supplies	1	6	(5)	(83%)
Acquisition of machinery and equipment	13	111	(98)	(88%)
Other subsidies and payments	29	4	25	625%
Total gross budgetary expenditures	1,113	1,165	(52)	(4%)

* Details may not add to totals due to rounding

Information

The decrease of \$12K is mainly related to the earlier production of the SIRC Annual Report in June 2018. The previous year's annual report was released in September 2017.

Transportation and communications

The increase of \$24K is mainly related to the requirement for increased to meet operational requirements.

Repair and maintenance

The increase of \$4K is due to the acquisition of communications and networking equipment related to SIRC's relocation project.

Other subsidies and payments

The increase of \$25K is due to an international secondment agreement.

Note

The decreases in standard objects highlighted above are related to the funding received for the SIRC relocation which took place in March 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).

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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

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. These funds are being used for the finalization of Relocation and IM/IT modernization projects, and to further enhance SIRC's coverage of CSIS activities.

Approved by Senior Officials: (Original signed by)

Original signed by

Hon. Pierre Blais, P.C.

Original signed by

Chantelle Bowers
A/Executive Director
A/Chief Financial Officer

Ottawa, Canada

Date: November 29, 2018

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ANNEX A

For the quarter ended September 30, 2018

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

<i>(In thousands of dollars)</i>	Fiscal year 2018-2019			Fiscal year 2017-2018		
	Total available for use for the year ending March 31, 2019 (note 1)	Used during the quarter ended September 30, 2018	Year to date used at quarter end	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
Vote 1 - Net operating expenditures	4,804	981	1,875	6,600	1,028	1,835
Contributions to employee benefit plans	527	132	263	546	137	272
Total budgetary authorities	5,331	1,113	2,138	7,146	1,165	2,107
TOTAL AUTHORITIES	5,331	1,113	2,138	7,146	1,165	2,107

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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ANNEX B

For the quarter ended September 30, 2018

TABLE 1: 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 September 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 September 30, 2017	Year to date used at quarter end
Expenditures						
Personnel	3,989	890	1,583	4,015	824	1,546
Transportation and communications	223	94	141	213	70	125
Information	73	-	28	47	12	13
Professional and special services	644	77	180	944	124	266
Rentals	67	5	22	100	14	28
Repair and maintenance	3	4	19	4	-	-
Utilities, materials and supplies	28	1	3	26	6	12
Acquisition of land, buildings and works	-	-	-	97	-	-
Acquisition of machinery and equipment	303	13	113	1,700	111	116
Other subsidies and payments	2	29	49	-	4	1
Total gross budgetary expenditures	5,331	1,113	2,138	7,146	1,165	2,107
TOTAL AUTHORITIES	5,331	1,113	2,138	7,146	1,165	2,107

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