

Security Intelligence Review Committee

Quarterly Financial Report

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

For the quarter ended December 31, 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 December 31, 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.

Authorities used during the quarter:

SIRC's 2016-17 expenditures for the quarter ended December 31, 2016 have increased by \$347,567 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 December 31, 2016 have increased by \$601,636 when compared to year-to-date expenditures at the same time last year (from \$1,896,766 in 2015-16 to \$2,498,403 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 December 31, 2016 have increased by \$347,567 when compared to the 2015-16 expenditures for the same quarter. Please refer to the Year-to-date section for a further explanation.

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Year-to-date authorities used:

The increase of \$601,636 in the year-to-date used at quarter-end in comparison to 2015-16 is mainly explained by:

Personnel

The increase of \$419,110 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.

Professional Services

The increase of \$77,800 is mainly related to the hiring of professional services to assist SIRC with 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 and specialized services for the purpose of a review part of the research plan.

Transportation and communication

The increase of \$46,827 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.

Acquisition of equipment

The increase of \$41,263 is for the acquisition of computer equipment related to SIRC's relocation and modernization project.

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)

original signed by _____

Hon. Pierre Blais, P.C.

Chair

original signed by _____

Michael E. Doucet

Executive Director

Chief Financial Officer

Ottawa, Canada

February 28, 2017

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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 December 31, 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 December 31, 2015	Year to date used at quarter end
<i>(In thousands of dollars)</i>						
Vote 1 - Net operating expenditures	6,641	901	2,282	2,505	583	1,686
Contributions to employee benefit plans	625	108	216	317	79	211
Total budgetary authorities	7,266	1,009	2,498	2,822	662	1,897
TOTAL AUTHORITIES	7,266	1,009	2,498	2,822	662	1,897

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

	Fiscal year 2016-2017			Fiscal year 2015-2016		
	Planned expenditures for the year ending March 31, 2017 (note 1)	Used during the quarter ended December 31, 2016	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2016 (note 1)	Used during the quarter ended December 31, 2015	Year to date used at quarter end
<i>(In thousands of dollars)</i>						
Expenditures						
Personnel	4,012	753	1,959	2,229	503	1,540
Transportation and communications	236	78	182	165	58	135
Information	47	7	14	27	13	27
Professional and special services	730	125	228	309	73	151
Rentals	42	28	38	40	8	20
Repair and maintenance	2	-	1	-	3	3
Utilities, materials and supplies	78	6	20	26	6	17
Acquisition of machinery and equipment	2,119	7	45	26	-	4
Other subsidies and payments	-	5	11	-	(2)	-
Total gross budgetary expenditures	7,266	1,010	2,498	2,822	662	1,897
TOTAL AUTHORITIES	7,266	1,010	2,498	2,822	662	1,897

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.