

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, 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.

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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.

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 December 31, 2018.

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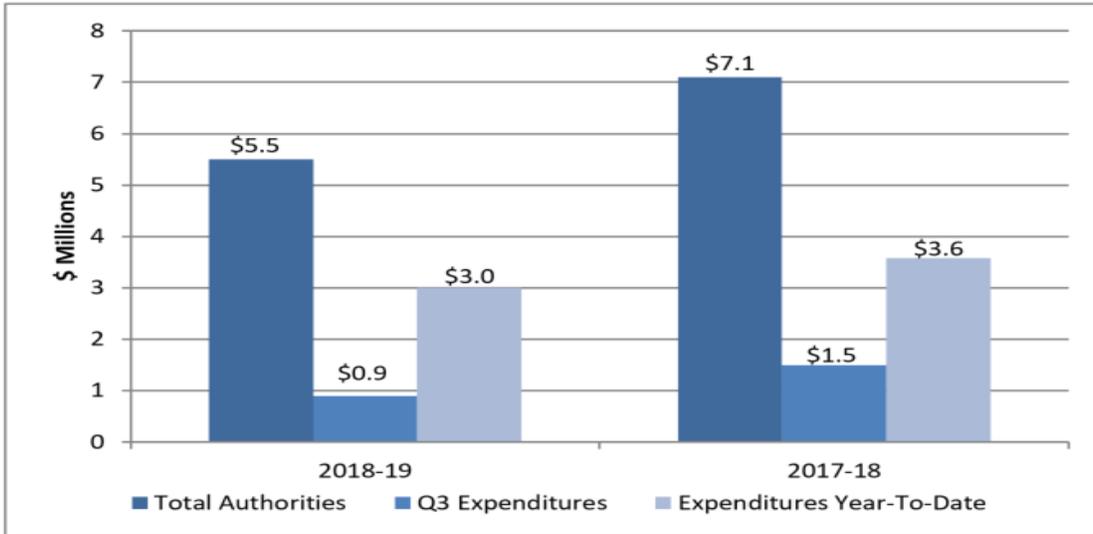
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SIRC spent approximately 55% of its authorities by the end of the third quarter, compared to 50% in the same quarter of 2017-18 (see graph 1 below).

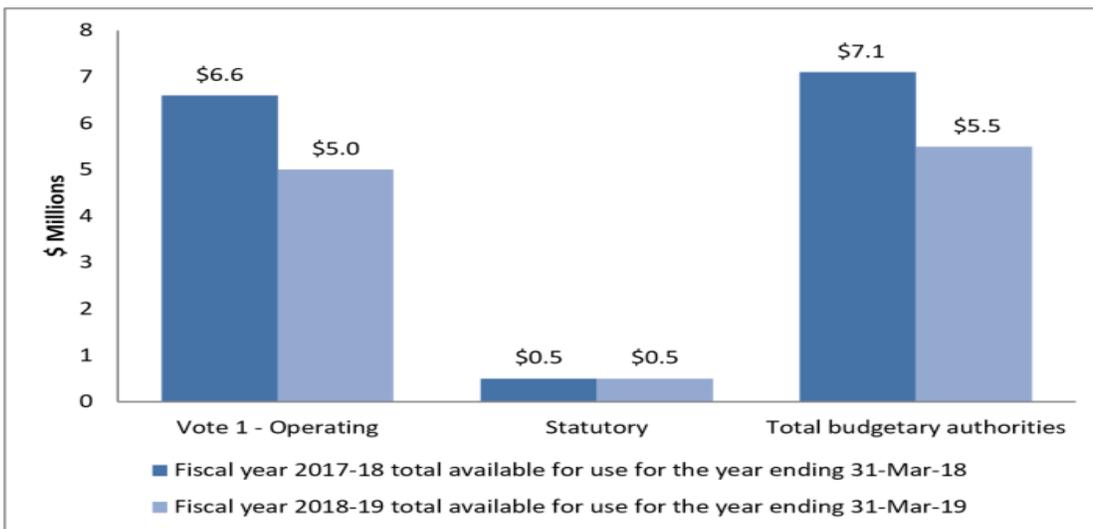
Graph 1: Comparison of Total Authorities and Total Net Budgetary Expenditures as of Q3 2018-2019 and 2017-2018



Significant changes to authorities

As per graph 2 below, SIRC has authorities available for use of \$5.5 million in 2018-19 compared to \$7.1 million as of December 31, 2017, for a net decrease of \$1.6 million or 23%.

Graph 2: Variance in Authorities as at December 31, 2018



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The authorities decrease of \$1.6 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 third quarter decreased by \$581K, or 16%, 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	YTD Expenditures as of 31-Dec-2018	YTD Expenditures as of 31-Dec-2017	Variance \$	Variance %
(in thousands of dollars)				
Personnel	2,267	2,538	(271)	(11%)
Transportation and communications	187	194	(7)	(4%)
Information	28	69	(41)	(59%)
Professional and special services	229	348	(119)	(34%)
Rentals	50	30	20	67%
Repair and maintenance	64	190	(126)	(66%)
Utilities, materials and supplies	14	21	(7)	(33%)
Acquisition of machinery and equipment	142	182	(40)	(22%)
Other subsidies and payments	20	11	9	82%
Total gross budgetary expenditures	3,001	3,582	(581)	(16%)

* Details may not add to totals due to rounding

Information

The decrease of \$41K is mainly related to IT Database subscription services expenditure in 2017-18 that was cancelled in 2018-19.

Repair and maintenance

The decrease of \$126K is mainly due to SIRC relocation and refit project in 2017-18.

Acquisition of machinery and equipment

The decrease of \$40K is mainly explained by SIRC's relocation project in 2017-2018, including IM/IT modernization project.

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Significant changes to quarter expenditures

The third quarter expenditures recorded to the end of the third quarter decreased by \$612K, or 41%, from 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 31-Dec-2018	Fiscal year 2017-18 Expended during the quarter ended 31-Dec-2017	Variance \$	Variance %
Personnel	684	992	(308)	(31%)
Transportation and communications	46	69	(23)	(33%)
Information	0	56	(56)	(100%)
Professional and special services	49	81	(32)	(40%)
Rentals	27	2	25	1250%
Repair and maintenance	46	190	(144)	(76%)
Utilities, materials and supplies	11	9	2	22%
Acquisition of machinery and equipment	29	66	(37)	(56%)
Other subsidies and payments	(29)	10	(39)	(390%)
Total gross budgetary expenditures	863	1,475	(612)	(41%)

* Details may not add to totals due to rounding

Information

The decrease of \$56K is mainly related to IT Database subscription services expenditure in 2017-18 that was cancelled in 2018-19, as well as timing of invoices for Annual Report in previous year.

Repair and maintenance

The decrease of \$144K is mainly due to SIRC relocation and refit project in 2017-18.

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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* was released in June 2018).

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 project, 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.

Ottawa, Canada

Date: February 8, 2019

Original signed by _____

Chantelle Bowers
A/Executive Director
A/Chief Financial Officer

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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 December 31, 2018	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2018 (note 1)	Used during the quarter ended December 31, 2017	Year to date used at quarter end
Expenditures						
Personnel	4,044	684	2,267	4,015	992	2,538
Transportation and communications	223	46	187	213	69	194
Information	73	-	28	47	56	69
Professional and special services	743	49	229	944	81	348
Rentals	67	27	50	100	2	30
Repair and maintenance	3	46	64	4	190	190
Utilities, materials and supplies	28	11	14	26	9	21
Acquisition of land, buildings and works	-	-	-	97	-	-
Acquisition of machinery and equipment	303	29	142	1,700	66	182
Other subsidies and payments	2	(29)	20	-	10	11
Total gross budgetary expenditures	5,485	863	3,001	7,146	1,475	3,582
TOTAL AUTHORITIES	5,485	863	3,001	7,146	1,475	3,582

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

	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 December 31, 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 December 31, 2017	Year to date used at quarter end
<i>(In thousands of dollars)</i>						
Vote 1 - Net operating expenditures	4,959	731	2,606	6,600	1,339	3,174
Contributions to employee benefit plans	527	132	395	546	136	409
Total budgetary authorities	5,485	863	3,001	7,146	1,475	3,582
TOTAL AUTHORITIES	5,485	863	3,001	7,146	1,475	3,582

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