

# Social Sciences and Humanities Research Council of Canada

## Quarterly Financial Report for the Quarter Ended

### September 30, 2015

#### Statement Outlining Results, Risks and Significant Changes in Operations, Personnel and Programs

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#### 1. Introduction

The Social Sciences and Humanities Research Council of Canada (SSHRC) was established in 1977 by the *Social Sciences and Humanities Research Council Act*, and is a departmental corporation named in Schedule II of the [Financial Administration Act](#). SSHRC is a funding agency that promotes and supports postsecondary research and training in the social sciences and humanities to enhance the economic, social and cultural development of Canada, its communities and regions. Social sciences and humanities research builds knowledge about people in the past and present, with a view toward creating a better future.

Further information on the SSHRC mandate and program activities can be found in [Part II of the Main Estimates](#).

This Quarterly Financial Report (QFR) 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. This quarterly report should be read in conjunction with the [Main Estimates](#) and [Supplementary Estimates](#) for 2015-16.

#### Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes SSHRC's spending authorities granted by Parliament and those used by the agency, consistent with the Main Estimates and Supplementary Estimates for the 2015-16 fiscal year. This quarterly report has been prepared using a special-purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before monies can be spent by the Government of Canada. 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.

SSHRC uses the full accrual method of accounting to prepare and present its annual financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

This quarterly report has not been subject to an external audit or review.

## 2. Highlights of Fiscal Quarter

### Statement of Authorities

#### Available Authorities

SSHRC manages total authorities of \$718.1 million, \$341.4 million of which corresponds to the tri-agency [Research Support Fund](#) on behalf of the other two federal research granting agencies, the Natural Sciences and Engineering Research Council (NSERC) and the Canadian Institutes of Health Research.

As of September 30, 2015, SSHRC's total available authorities for 2015-16 amounted to \$ 718.1 million. To date, for 2015-16, total authorities have increased by \$25.2 million (3.5%) over the previous year, with \$24.3 million coming from an increase in SSHRC's grant and scholarship programs, and \$0.9 million from an increase in the authorities for operating expenditures, statutory funding authority for the respending of revenue and employee benefits. The net changes between the current and previous fiscal year comprise the following elements:

- an increase of **\$9 million** in the Research Support Fund to ensure that federally funded research projects are conducted in world-class facilities with the best equipment and administrative support available (Budget 2014);
- an increase of **\$7 million** in the Grants and Scholarships program to support advanced research in the social sciences and humanities (Budget 2014);
- an increase of **\$5 million** for a pilot initiative to support social innovation research projects at colleges and polytechnics (Budget 2014);
- an increase of **\$4 million** for the Centres of Excellence for Commercialization and Research program—a tri-agency initiative to create a more effective and efficient way to identify commercialization opportunities;
- an increase of **\$0.3 million** following the end of agreements with other government departments (the International Development Research Centre for a climate change initiative and the Canadian Nuclear Safety Commission for scholarships);
- an increase of **\$0.2 million** in statutory authority for the spending of revenues pursuant to subsection 4.2 of the *Social Sciences and Humanities Research Council Act*,

- an increase of **\$0.1 million** for the Business-Led Networks of Centres of Excellence program due to an increase in the proportion of social sciences and humanities-related research across the Network;
- a decrease of **\$0.2 million** in operating funds due to the transfer—to the Canadian Institutes of Health Research—of the administration of the Secretariat on Responsible Conduct of Research; and
- other variances of less than **\$0.2 million** include the reduction in the Council's operating budget from government cost-effectiveness initiatives. These items include the transfer to the Canada School of Public Service, the Web Renewal Initiative and Back-Office Transformation Initiatives.

### **Authorities Used in the Second Quarter**

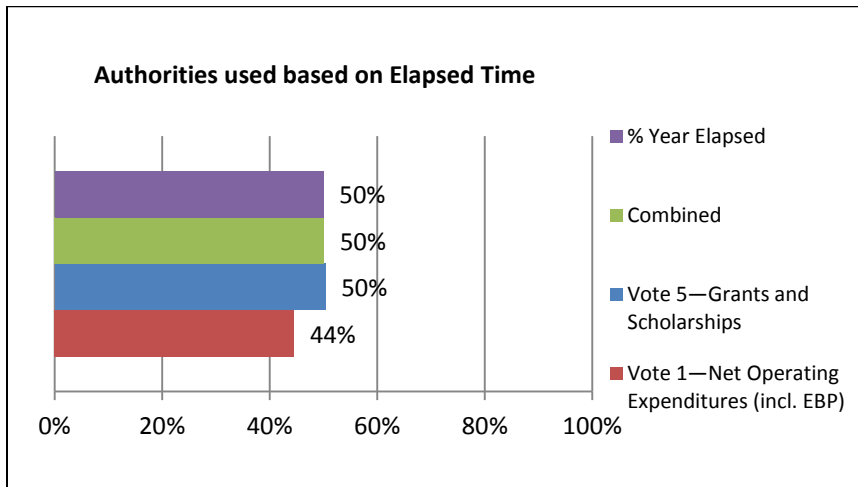
This QFR reflects the results of the current fiscal period in relation to the 2015-16 Main Estimates and Supplementary Estimates (A) (SEA), for which full supply was approved by Parliament on June 19, 2015.

The total authorities used during the second quarter of 2015-16 amounted to \$203.3 million (28% of the total available authorities; 28% of the total authorities for grant and scholarship programs; and 21% for operating expenditures and employee benefits). This represents a \$12.0 million increase from the same quarter in the previous fiscal year. This increase is principally related to grant and scholarship programs (\$11.8 million). For the grant and scholarship programs, the increase is mostly due to payment timing differences between the first and second quarters of the comparative fiscal years, which are expected to offset by year-end.

Grant and scholarship payments vary between periods due to competition cycles and the results of merit-reviewed funding opportunities and multi-year award profiles. Operating expenditures cover personnel and other operating expenses required to support the delivery of grant and scholarship programs. Expenditures related to the employee benefit plan are accounted for separately in statutory authorities. Although the majority of personnel expenditures and other operating costs are incurred in a consistent manner throughout the fiscal year, the balance of expenditures, including temporary employees hired for the peak competition season and travel costs for peer reviewers, are tied to the program cycle and are demand-driven. As a large proportion of program competitions occur in the last quarter of the fiscal year, the expenditures in each of the first three quarters are typically less than 25% of the annual available operating authorities.

### **Authorities Used Year-to-Date**

Total authorities used cumulatively during the first six months of the 2015-16 fiscal year represented \$359.8 million (50% of the available authorities). This represents \$13.5 million more than the previous fiscal year. The main factor for this overall increase is the timing of payments for grants and scholarships compared with the previous fiscal year. The proportion of cumulative grants and scholarships authorities used in 2015-16 increased to 50.3%, from 50.2% in 2014-15. This fiscal year, the cumulative authorities used for operating expenditures and the employee benefit plan increased by \$0.4 million over the previous fiscal year. The main factor for this increase is the statutory and ramp-up salary increase. SSHRC has spent 44.1% of its authorities for operating expenditures and the employee benefit plan in the current fiscal year, compared with 44.3% in 2014-15.



## Statement of Departmental Budgetary Expenditures by Standard Object

### Second Quarter Grant and Scholarship Expenditures

Transfer payments represent over 96% of SSHRC's total available authorities. Variations occur in transfer payment expenditures between quarters due to the nature of the funding opportunity cycles. During the second quarter of 2015-16, SSHRC's transfer payment expenditures increased by \$11.8 million over the same quarter of the previous fiscal year. The main factors for this increase include:

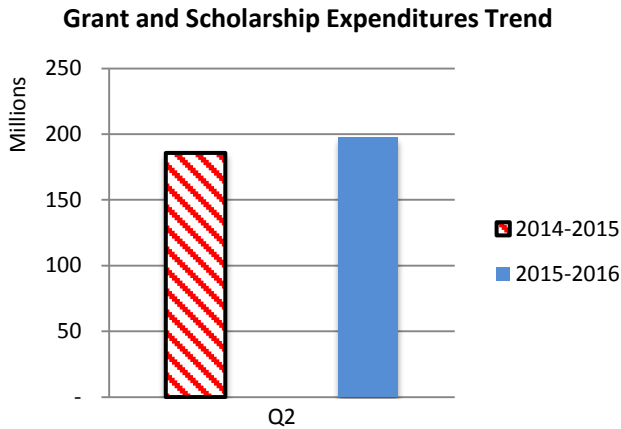
- a timing difference on payments resulted in an increase of **\$17.4 million** over the previous year for the following programs: Research Support Fund and Networks Centres of Excellence Program, as well as a decrease of **\$5.9 million** over the previous year for the following programs: Joseph-Armand Bombardier Canada Graduate Scholarships - Master's Scholarships and SSHRC Institutional Grants. These timing differences are expected to be offset by year-end;
- an increase of **\$2.2 million** for Partnership Grants due to new grants paid in this period, as well as a ramp-up of the program; and
- a decrease of **\$1.9 million** due to the sunsetting of the Standard Research Grants Program. The last payment will occur in 2017-18.

### Year-to-Date Grant and Scholarship Expenditures

At the end of the second quarter, SSHRC spent \$13.1 million (3.7%) more than what was spent at the same point in the previous fiscal year. The main factors for the increase over the previous year include:

- an increase of **\$7.0 million** for Partnership Grants due to new grants paid in this period, as well as a ramp-up of the program;
- an increase of **\$5.5 million** for Networks Centres of Excellence Program due to a payment timing difference compared to the second quarter of the previous fiscal year. The timing difference is expected to be offset by year-end;

- an increase of **\$4.5 million** for Insight Grants due to a ramp-up of the program;
- a decrease of **\$2.5 million** due to the sunsetting of the Standard Research Grants Program. The last payment will occur in 2017-18; and
- a decrease of **\$1.4 million** for the Canada Research Chairs Program due to a lower amount of active chairs compared to the second quarter of the previous fiscal year.

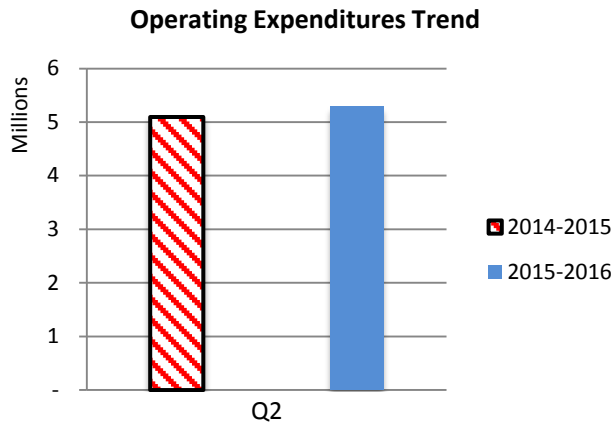


### Second Quarter and Year-to-Date Personnel Expenditures

Personnel expenditures in support of program delivery account for the largest proportion of SSHRC's planned operating expenditures (approximately 67% of available operating authorities and planned operating expenditures for 2015-16). The year-to-date increase of \$639,000 is the result of long-term vacancies being filled. The decrease of \$608,000 in "Other subsidies and payments" is due to a 2014-15 one-time transition payment for implementing salary payment in arrears by the Government of Canada.

### Second Quarter and Year-to-Date Non-Personnel Operating Expenditures

Non-personnel operating expenditures include all other operating costs related to the support of program delivery. A significant proportion of these costs relate to funding opportunity competitions that take place predominantly during the final quarter of the fiscal year. Total non-personnel expenditures to date in 2015-16 are generally consistent with last year.



### 3. Risks and Uncertainties

#### Funding and Program Delivery Risk Factors

Through the corporate risk identification exercise, the risks that have a potential financial impact or that deal with financial sustainability have been assessed. The impact on SSHRC and the planned mitigation strategies related to these risks are discussed below.

#### External Risk Factors

SSHRC is funded through annual parliamentary spending authorities and statutory authorities for program transfer payments (grant and scholarship programs) and for its supporting operating expenditures. As a result, its program activities and operations are impacted by any changes to funding approved through Parliament. Accordingly, program delivery can be affected by factors such as the economic climate, technological and scientific development, and evolving government priorities, which impact approved resource levels (total available authorities).

Research and innovation are part of global trends; therefore, participation in SSHRC programs is influenced not only by the Canadian context, but also by initiatives and opportunities worldwide. Formal communications and external relation strategies are developed by SSHRC to ensure that stakeholder relationships and expectations are managed effectively.

There is also the risk that SSHRC fails to achieve its mandate and strategic outcomes. To mitigate this risk, an integrated planning process is firmly in place. This process serves as the foundation for SSHRC to plan all aspects of its business in an integrated manner and to align priorities and resources accordingly.

#### Internal Risk Factors

In order to ensure stakeholder engagement and to mitigate the risk of misrepresenting our stakeholders' priorities and values, a group of institution representatives, SSHRC Leaders, was created. SSHRC Leaders provide an ongoing channel of communication between their institutions and SSHRC, helping all parties stay abreast of developing issues. This open dialogue permits the relay to universities of information on new policy and program developments. For their part, SSHRC Leaders are able to gather

information and ideas from the university community, feeding into the development of SSHRC policies and programs.

SSHRC is a knowledge-based organization that relies on maintaining its talented and committed workforce to deliver its programs. To retain its valuable human resources and their corporate memory, SSHRC has developed a People Strategy that outlines the organization's commitments and action plan for developing talent and for building and sustaining a thriving and successful workplace and work culture. SSHRC is challenged by the ability to hire the skilled resources needed to successfully achieve the transformation and realignment agendas to meet tomorrow's needs. Potential consequences could include workload management issues and succession planning challenges.

SSHRC is transforming its business in order to adapt more efficiently to internal changes and improve external client service.

Thus far, SSHRC has achieved operational efficiencies through economies of scale by the shared administrative service arrangements with the Natural Sciences and Engineering Research Council of Canada; corporate-wide prioritization and harmonization or reduction of activities; internal reallocations; and a focus on streamlining and generating efficiencies wherever possible. An established budgetary process with regular in-year budget reviews and formal reallocations for emerging priorities approved by senior management supports this endeavour. SSHRC is also undertaking a revision of its operating and grant delivery systems and processes to generate further efficiencies and future savings.

SSHRC is a lean agency; total operating expenses account for less than 4% of its annual disbursement. This efficiency is in part due to the continued and substantial contribution of the thousands of volunteer peer reviewers who provide immense in-kind benefit to SSHRC's grant review operations. In addition, as noted above, SSHRC is pursuing business transformation to improve efficiency measures and to enhance resource decision-making.

#### **4. Significant Changes Related to Operations, Personnel and Programs**

SSHRC has undertaken a program architecture renewal initiative to create a more flexible and effective system of program application and assessment, allowing it to maximize the contributions of research and training funds for Canada's economic prosperity and quality of life. The new program architecture has placed an emphasis on research excellence, fostering partnerships and reporting on results. This has resulted in greater overall program coherence with flexible programming, a more responsive competition cycle, and an improved and simplified interface for applicants. The implementation of the new program architecture allows for the consolidation of existing and new funding opportunities under three umbrella programs—Talent, Insight and Connection—as well as enhanced service delivery and process re-engineering. A new program architecture is being developed and will be implemented as of April 1, 2016.

A number of important changes, in comparison with the previous fiscal year, relate to operations, personnel and programs. These include the impacts generated by SSHRC's previously increased available authorities, which resulted in expanded partnership program dimensions. In Budget 2014, the Government of Canada launched the Canada First Research Excellence Fund; results for the inaugural competition were announced in July 2015. Budget 2015, tabled in April 2015, included funding announcements describing additional program dimensions that will be implemented by SSHRC, following Treasury Board and Parliament approvals, over the course of the 2016-17 fiscal year.

Approved by:

Original signed by

**Ted Hewitt, Ph.D.  
President, SSHRC**

**Ottawa, Canada  
November 25, 2015**

Original signed by

**Alfred Tsang, CPA, CMA  
Vice-President and Chief  
Financial Officer, SSHRC**



## 5. Statement of Authorities for the Quarter Ended September 30, 2015

Social Sciences and Humanities Research Council of Canada  
 Quarterly Financial Report  
 For the quarter ended September 30, 2015  
 Statement of Authorities (unaudited)

	Fiscal Year 2015-2016			Fiscal Year 2014-2015		
	Total available for use for the year ending March 31, 2016*	Used during the quarter ended September 30, 2015	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2015*	Used during the quarter ended September 30, 2014	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
Vote 1—Operating Expenditures	24,254	5,284	10,649	23,758	5,097	10,344
Less: Revenues netted against expenditures	-	-	-	75	-	-
<b>Vote 1—Net Operating Expenditures</b>	<b>24,254</b>	<b>5,284</b>	<b>10,649</b>	<b>23,683</b>	<b>5,097</b>	<b>10,344</b>
Vote 5—Grants and Scholarships	690,999	197,330	347,864	666,664	185,543	334,720
Budgetary Statutory Authorities						
Contributions to the employee benefit plan	2,609	652	1,305	2,509	627	1,255
Spending of revenues pursuant to subsection 4 (2) of the <i>Social Sciences and Humanities Research Council Act</i>	225	-	-	-	-	-
<b>Total Budgetary Authorities</b>	<b>718,087</b>	<b>203,266</b>	<b>359,818</b>	<b>692,856</b>	<b>191,267</b>	<b>346,319</b>

\* Includes only Authorities available for use and granted by Parliament at quarter-end.

## 6. Departmental Budgetary Expenditures by Standard Object (Unaudited) for the Quarter Ended September 30, 2015

Social Sciences and Humanities Research Council of Canada

Quarterly Financial Report

For the quarter ended September 30, 2015

Departmental Budgetary Expenditures by Standard Object (unaudited)

	Fiscal Year 2015-2016			Fiscal Year 2014-2015		
	Planned expenditures for the year ending March 31, 2016	Expended during the quarter ended September 30, 2015	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2015	Expended during the quarter ended September 30, 2014	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
<b>Expenditures</b>						
Personnel	18,187	4,928	10,146	17,718	4,708	9,507
Transportation and communications	2,350	185	373	1,602	159	269
Information	520	223	320	859	166	208
Professional and special services	3,854	502	790	3,138	484	722
Rentals	1,433	54	243	873	166	212
Repair and maintenance	129	6	6	40	5	5
Utilities, materials and supplies	146	9	27	115	4	28
Acquisition of machinery and equipment	469	29	38	1,922	25	28
Other subsidies and payments	-	-	11	-	7	620
Transfer payments	690,999	197,330	347,864	666,664	185,543	334,720
<b>Total Gross Budgetary Expenditures</b>	<b>718,087</b>	<b>203,266</b>	<b>359,818</b>	<b>692,931</b>	<b>191,267</b>	<b>346,319</b>
<b>Less revenues netted against expenditures-Netted Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>-</b>
<b>Total Net Budgetary Expenditures</b>	<b>718,087</b>	<b>203,266</b>	<b>359,818</b>	<b>692,856</b>	<b>191,267</b>	<b>346,319</b>