

**Social Sciences and Humanities Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended September 30, 2017**

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

### **1. Introduction**

This Quarterly Financial Report (QFR) has been prepared by management as required by section 65.1 of the [Financial Administration Act](#) (FAA), and in the form and manner prescribed by the Treasury Board. It should be read in conjunction with the [Main Estimates](#) for 2017-18. This report has not been subject to an external audit or review.

#### **1.1 Authority, mandate and programs**

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 FAA. 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](#).

#### **1.2 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 for fiscal 2017-18. 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.

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.

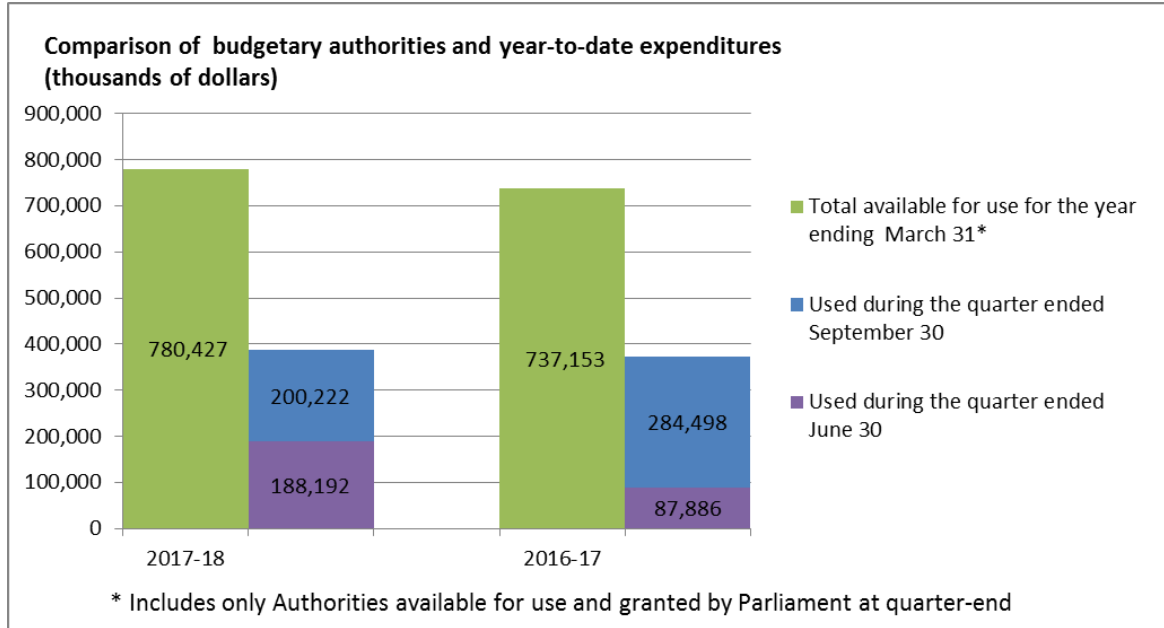
### **2. Highlights of fiscal quarter and fiscal year-to-date results**

This QFR reflects the results of the current fiscal period in relation to the 2017-18 Main Estimates.

Sections 2.1 and 2.2 below highlight the significant items that contributed to the net increase in resources available from fiscal 2016-17 to fiscal 2017-18 and the actual expenditures as at September 30, 2017, and September 30, 2016.

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The following graph provides a comparison of budgetary authorities available for the full fiscal year and budgetary expenditures for the first two quarters of fiscal 2017-18 and fiscal 2016-17.



**2.1 Significant changes to budgetary authorities**

As of September 30, 2017, SSHRC's total available authorities for 2017-18 amounted to \$780.4 million. To date, for 2017-18, total authorities have increased by \$43.3 million over the previous year at September 30. The major changes in SSHRC's budgetary authorities between the current and previous fiscal years include:

- an increase of \$19.0 million due to the Research Support Fund, which assists Canadian postsecondary institutions with the costs associated with managing their research enterprise, helping them to maintain a world-class research environment (Budget 2016);
- a \$14.7 million increase to support investigator-led discovery research in the social sciences and humanities (Budget 2016);
- an increase of \$11.0 million for the Canada First Research Excellence Fund, a tri-agency initiative that helps Canadian postsecondary institutions excel globally in research areas that create long-term economic advantages for Canada;
- a reduction of \$1.1 million in funding for the Centres of Excellence for Commercialization and Research, which supports the development of commercially promising technologies and promotes the transfer of knowledge and technologies to Canadian companies for commercialization; and
- a reduction of \$0.2 million in funding for the Networks of Centres of Excellence, which builds on multisectoral partnerships that harness the creativity and inventiveness of the best minds in various disciplines and sectors to find solutions for Canada's pressing challenges using internationally competitive research.

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**2.2 Significant changes to authorities used**

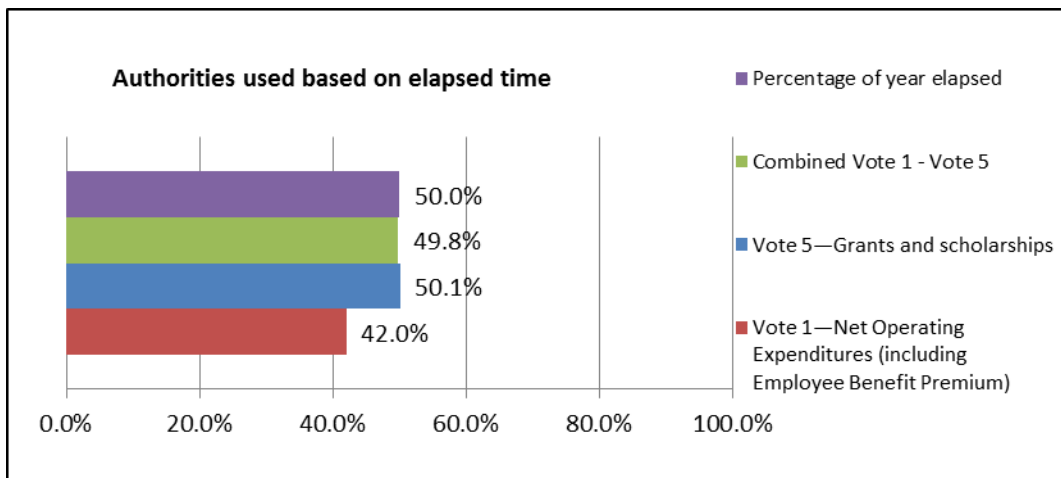
**Year-to-date spending**

The following table provides a comparison of cumulative spending by vote for the current and previous fiscal years.

**Year-to-date Budgetary Expenditures Used at Quarter End**  
(millions of dollars)

	<b>2017-18</b>	<b>2016-17</b>	<b>Variance</b>
<b>Vote 1 - Operating Expenditures</b>			
Personnel	10.2	10.4	(0.2)
Non-personnel	1.8	1.8	-
<b>Vote 5 - Grant and Scholarship</b>	<b>376.4</b>	<b>360.1</b>	<b>16.3</b>
<b>Total Budgetary Expenditures</b>	<b>388.4</b>	<b>372.3</b>	<b>16.1</b>

Total authorities used cumulatively during the first six months of fiscal 2017-18 represented \$388.4 million (49.8% of the available authorities).



**Grants and scholarships**

At the end of the second quarter in 2017-18, the grants and scholarships expenses increased by \$16.3 million, compared to what was reported in the previous fiscal year. The increase is due to payments made prior to September 30 in 2017-18, compared to after September 30 in 2016-17. The timing differences are mainly related to the following programs:

- Research Support Fund (\$13.8 million increase);
- Networks of Centres of Excellence (\$1.0 million decrease); and
- the Canada First Research Excellence Fund (\$3.5 million increase).

This timing variance will be offset by year-end. In addition to the timing differences, funding for the Canada First Research Excellence Fund increased by \$5.5 million this year compared to last year.

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**Operating expenditures**

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.

Personnel expenditures in support of program delivery account for the largest proportion of SSHRC's planned operating expenditures (approximately 69% of available operating authorities and planned operating expenditures for fiscal 2017-18). The personnel expenditures for the first two quarters of fiscal 2017-18 are in line with the same period of the previous year.

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 for the first six months of fiscal 2017-18 are consistent with the comparative period of the previous year.

**Quarterly spending**

The total authorities used during the second quarter of 2017-18 amounted to \$200.2 million (25.6% of the total available authorities; 25.8% of total authorities for grant and scholarship programs; and 20.8% of total authorities for operating expenditures and employee benefits).

**Budgetary expenditures used during the second quarter**

(millions of dollars)

	<b>2017-18</b>	<b>2016-17</b>	<b>Variance</b>
<b>Vote 1 - Operating expenditures</b>			
Personnel	5.0	5.2	(0.2)
Non-personnel	0.9	0.9	-
<b>Vote 5 - Grant and scholarship</b>	194.3	278.4	(84.1)
<b>Total budgetary expenditures</b>	<b>200.2</b>	<b>284.5</b>	<b>(84.3)</b>

**Grants and scholarships**

Transfer payments represent 96.3% of SSHRC's available authorities. Variations occur in transfer payment expenditures between quarters due to the nature of program cycles. During the second quarter of 2017-18, SSHRC's transfer payment expenditures have decreased by \$84.1 million compared with the same quarter of the previous fiscal year. There are a number of differences in specific programs from year to year that include:

- a net timing difference on payments resulted in a decrease of \$87.6 million over the previous year in a variety of programs, most notably:
  - Research Support Fund (\$79 million decrease);
  - Research Development Grants (\$6 million decrease);
  - SSHRC Institutional Grants (\$2.6 million decrease);

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- Partnership Grants (\$2.5 million increase); and
- Canada Graduate Scholarship Grants (\$1 million increase); and
- an increase of \$3.5 million over the previous year, stemming from the increased authorities in the Canada First Research Excellence Fund.

**Operating expenditures**

The personnel and non-personnel expenditures are in line with those of the second quarter of the prior fiscal year. The variances are mainly due to the timing of expenditures.

**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**

**Stakeholder relations:** The organization might not effectively manage diverse stakeholder relationships and challenges to its reputation, which may affect its ability to deliver on its mandate to fund research excellence in the social sciences and humanities.

- Risk response: to ensure effective stakeholder engagement and to mitigate the risk of misalignment with 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 informed of developing issues. This open dialogue permits the relay of information on new policy and program developments. For their part, SSHRC Leaders are able to gather information and ideas from their community, feeding into the development of SSHRC policies and programs.

**Internal risk actors**

**Information technology:** SSHRC's information infrastructure may limit its ability to implement changes required to programs and program delivery in a timely manner.

- Risk response: An assessment of the state of SSHRC's legacy systems was completed in December 2016. The report presented 13 recommendations, 10 of which will be implemented in 2017-18.

**Information management:** SSHRC's information infrastructure may not be optimal to meet the needs of the organization to track and report on results.

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- Risk response: SSHRC will, in partnership with NSERC, develop an information management strategy. SSHRC will strengthen its corporate data management, identifying areas of need to move toward information management maturity.

**Planning and priority setting:** The organization may limit its ability to deliver on all priorities and respond to pressures from external influences in a timely manner.

- Risk response: SSHRC will make use of its corporate governance structures and rely on key planning documents, such as the strategic plan, to ensure strong governance for and oversight of SSHRC's planning and achievement of results.

**4. Significant changes related to operations, personnel and programs**

As in previous years, a number of changes relate to operations, personnel and programs. [Budget 2017](#) included \$117.6 million over eight years for approximately 25 Canada 150 Research Chairs. The program will be delivered through SSHRC's Tri-agency Institutional Programs Secretariat, in collaboration with, and on behalf of, the three federal research funding agencies.

Approved by:

Original signed by

**Ted Hewitt, PhD**  
**President, SSHRC**

**Ottawa, Canada**  
**November 28, 2017**

Original signed by

**Patricia Sauvé-McCuan**  
**Vice-President and Chief**  
**Financial Officer, SSHRC**

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**5. Statement of authorities (unaudited)**

<i>(in thousands of dollars)</i>	Fiscal year 2017-18			Fiscal year 2016-17		
	Total available for use for the year ending March 31, 2018*	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*	Used during the quarter ended September 30, 2016	Year-to-date used at quarter-end
Vote 1—Net Operating Expenditures	25,951	5,297	10,700	25,311	5,427	10,891
Vote 5 — Grants and Scholarships	751,815	194,284	376,432	708,996	278,392	360,135
Budgetary Statutory Authorities						
Contributions to the employee benefit plan	2,566	641	1,283	2,751	679	1,358
Spending of revenues pursuant to subsection 4 (2) of the <i>Social Sciences and Humanities Research Council Act</i>	95	-	-	95	-	-
<b>Total Budgetary Authorities</b>	<b>780,427</b>	<b>200,222</b>	<b>388,415</b>	<b>737,153</b>	<b>284,498</b>	<b>372,384</b>

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

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**6. Departmental budgetary expenditures by standard object (unaudited)**

*(in thousands of dollars)*

	Fiscal year 2017-18			Fiscal year 2016-17		
	Planned expenditures for the year ending March 31, 2018	Expended during the quarter ended September 30, 2017	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2017	Expended during the quarter ended September 30, 2016	Year-to-date used at quarter-end
<b><u>Expenditures</u></b>						
Personnel	19,775	5,025	10,218	18,764	5,166	10,428
Transportation and communications	1,538	156	292	1,362	189	360
Information	1,353	77	227	1,368	200	240
Professional and special services	3,383	564	863	4,295	464	844
Rentals	752	61	262	1,473	57	290
Repair and maintenance	141	9	28	109	4	25
Utilities, materials and supplies	106	(6)	26	125	8	35
Acquisition of machinery and equipment	1,564	52	67	661	18	27
Transfer payments	751,815	194,284	376,432	708,996	278,392	360,135
<b>Total Budgetary Expenditures</b>	<b>780,427</b>	<b>200,222</b>	<b>388,415</b>	<b>737,153</b>	<b>284,498</b>	<b>372,384</b>