

# Shared Services Canada

Quarterly Financial Report

For the quarter ended June 30, 2024



Shared Services  
Canada

Services partagés  
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Canada

Powering world-class technology for Government

**Shared Services Canada  
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## **1.0 Introduction**

This quarterly financial report should be read in conjunction with the [2024-25 Main Estimates](#). This 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. It has not been subject to an external audit or review.

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

Shared Services Canada (SSC) is responsible for digitally enabling government programs and services by providing information technology (IT) services in the domains of networks and network security, data centres and cloud offerings, digital communications and providing IT tools that the public service needs to do its job. As a service provider to over 40 government departments and agencies, SSC is focused on moving toward an IT service delivery model that encourages sharing common solutions and platforms across departments in an effort to reduce the variety of IT solutions across the government. In taking this enterprise approach, SSC is working to solidify network capacity and security, equip and empower employees to collaborate, and support partners in the design and delivery of their digital service offering to Canadians. The Minister of Public Services and Procurement Canada is the Minister responsible for SSC.

In carrying out its mandate, SSC is supporting [Canada's Digital Ambition 2022](#) and the [Government of Canada Cloud Adoption Strategy](#), as well as working in partnership with public and private sector stakeholders, implementing enterprise-wide approaches for managing IT infrastructure services, and employing effective and efficient business management processes.

The [Shared Services Canada Act](#) and related Orders-in-Council set out the powers, duties and functions of the Minister responsible for SSC. Amendments to the Act in June 2017 allow the Minister to delegate to other Ministers the power to procure certain items, thereby making it easier for federal departments to buy some of the most frequently purchased IT goods and services. SSC remains responsible for setting up IT contracts, standing offers and supply arrangements, and will continue to ensure only trusted IT equipment and software are used. The Minister responsible for SSC may also, in exceptional circumstances, authorize another Minister to obtain services from within their own department or from a source other than SSC. However, this authorization cannot be used to exempt the entire department from using SSC's services.

Further details on SSC's authority, mandate, responsibilities and programs may be found in the [2024-25 Main Estimates](#) and in [SSC's 2024-25 Departmental Plan](#).

### **1.2 Basis of presentation**

This quarterly financial 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 [2024-25 Main Estimates](#). 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 money 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.

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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.

The department uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis. The main difference between the quarterly financial report and the departmental financial statements is the timing of when revenues and expenses are recognized. The quarterly financial report presents revenues only when the money is received and expenses only when the money is paid out. The departmental financial statements report revenues when they are earned and expenses when they are incurred. In the latter case, revenues are recorded even if cash has not been received and expenses are incurred even if cash has not yet been paid out.

### **1.3 Shared Services Canada financial structure**

SSC has a financial structure composed mainly of voted budgetary authorities, namely Vote 1 - Operating expenditures, including Vote netted revenues, and Vote 5 - Capital expenditures, including Vote netted revenues. The statutory authorities consist of contributions to the Employee Benefit Plan (EBP).

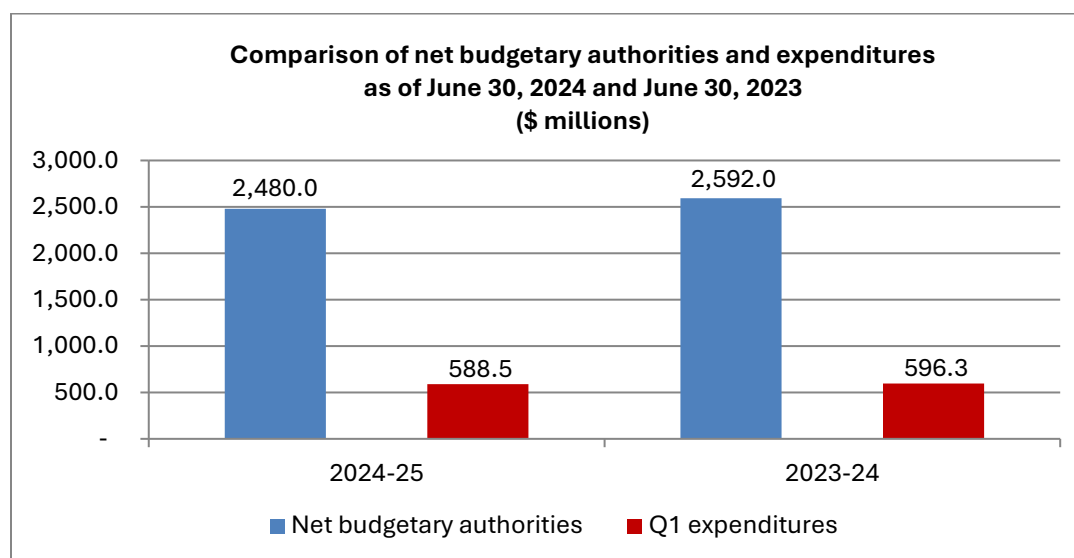
At the end of the first quarter of 2024-25, 91% of the department's budget was devoted to supporting its IT consolidation and standardization goals. This ensured that current and future IT infrastructure services offered to the Government of Canada (GC) are maintained in an environment of operational excellence. The remaining 9% was devoted to internal services, which are services in support of SSC's programs and/or required to meet SSC's corporate obligations.

Total Vote netted revenue authority for 2024-25 is \$853.0 million, which consists of spendable revenue for IT infrastructure services provided by SSC to organizations on a cost-recovery basis.

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

The following graph provides a comparison of the net budgetary authorities available for spending and the expenditures as of June 30, 2024, and June 30, 2023, for the department's combined Vote 1 - Operating expenditures, Vote 5 - Capital expenditures, and statutory authorities.

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## 2.1 Significant changes to authorities

As of June 30, 2024, the authorities available to the department include the Main Estimates, as no items were requested for the Supplementary Estimates (A). Authorities available for spending in 2024-25 are \$2,480.0 million at the end of the first quarter, compared to \$2,592.0 million at the end of the first quarter of 2023-24, representing a decrease of \$112.0 million, or 4.3%. This total decrease is a combination of a decrease of \$51.4 million in Vote 1 – Gross operating expenditures, a decrease of \$58.2 million in Vote 5 – Gross capital expenditures, and a decrease in Budgetary statutory authorities (EBP) of \$2.4 million.

### Comparison of net budgetary authorities as of June 30, 2024, and June 30, 2023

Net authorities available (\$ millions)	2024-25	2023-24	Variance
Vote 1 - Operating expenditures	2,940.7	2,992.1	(51.4)
Vote 5 - Capital expenditures	271.5	329.7	(58.2)
Statutory (EBP)	120.8	123.2	(2.4)
<b>Total gross authorities</b>	<b>3,333.0</b>	<b>3,445.0</b>	<b>(112.0)</b>
Vote netted revenues	(853.0)	(853.0)	-
<b>Total net authorities</b>	<b>2,480.0</b>	<b>2,592.0</b>	<b>(112.0)</b>

### Vote 1 – Gross operating expenditures

The department's Vote 1 decreased by \$51.4 million, compared to the first quarter of 2023-24, mainly due to:

- a decrease or sunsetting funding of \$258.2 million related to the following projects and initiatives:
  - reductions in support of initiatives to refocus government spending announced in Budget 2023 (\$78.2 million)
  - a cumulative decrease of \$78.1 million related to Budget 2021 initiatives:
    - Workload Modernization and Migration Program (\$41.4 million)
    - Network Modernization and Implementation Fund (\$25.8 million)
    - IT Repair and Replacement Program (\$10.9 million)

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- Cyber and Information Technology Security (\$47.8 million)
- Service Integrity Mission-Critical Projects (\$46.1 million)
- a cumulative decrease of \$8.0 million related to other projects and initiatives
- offset by an increase in new funding and reprofiles of \$206.8 million related to the following projects and initiatives:
  - incremental cost of providing core information technology services to client departments and agencies (\$92.2 million)
  - collective agreements and other compensation adjustments (\$61.5 million)
  - a cumulative increase of \$40.8 million related to the following Fall Economic Statement (FES) 2022 initiatives:
    - Reinforcing the Government of Canada's Cyber Security (\$24.7 million)
    - Safeguarding Access to High Performance Computing for Canada's Hydro-Meteorological Services (\$16.1 million)
  - Secure Cloud Enablement and Defence project (\$12.3 million)

#### **Vote 5 – Gross capital expenditures**

The department's Vote 5 decreased by \$58.2 million, compared to the first quarter of 2023-24, mainly due to:

- a decrease or sunsetting funding of \$71.5 million related to the following projects and initiatives:
  - a cumulative decrease of \$53.4 million related to Budget 2021 initiatives:
    - Workload Modernization and Migration Program (\$28.3 million)
    - IT Repair and Replacement Program (\$25.1 million)
  - Cyber and Information Technology Security (\$12.8 million)
  - other projects and initiatives (\$5.3 million)
- offset by an increase in new funding and reprofiles of \$13.3 million related to the following projects and initiatives:
  - Secure Cloud Enablement and Defence Evolution and Departmental Connectivity (Budget 2021) (\$7.2 million)
  - Safeguarding Access to High Performance Computing for Canada's Hydro-Meteorological Services (FES 2022) (\$6.1 million)

#### **Statutory (EBP)**

The department's EBP authority decreased by \$2.4 million, compared to the first quarter of 2023-24, mainly due to:

- an increase or new funding of \$13.2 million related to the following projects and initiatives:
  - collective agreements and other compensation adjustments (\$10.4 million)
  - other projects and initiatives (\$2.8 million)
- offset by a cumulative decrease of \$15.6 million related to technical adjustment to the Statutory EBP rate

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## 2.2 Explanations of significant variances from previous year expenditures

Compared to the previous year, the total net year-to-date expenditures for the period ended June 30, 2024, have decreased by \$7.8 million, from \$596.3 million to \$588.5 million as per the table below. This represents a decrease of 1.3% against expenditures recorded for the same period in 2023-24.

### Comparison of year-to-date expenditures as of June 30, 2024, and June 30, 2023

Net year-to-date expenditures (\$ millions)	2024-25	2023-24	Variance
Vote 1 - Operating expenditures	660.3	652.1	8.2
Vote 5 - Capital expenditures	16.4	30.5	(14.1)
Statutory (EBP)	30.2	30.8	(0.6)
<b>Total gross year-to-date expenditures</b>	<b>706.9</b>	<b>713.4</b>	<b>(6.5)</b>
Vote netted revenues	(118.4)	(117.1)	(1.3)
<b>Total net year-to-date expenditures</b>	<b>588.5</b>	<b>596.3</b>	<b>(7.8)</b>

#### Vote 1 - Increase of \$8.2 million

The net increase in operating expenditures, compared to the first quarter of 2023-24, is mainly attributed to the following:

- personnel expenditures increased by \$32.8 million. This is mainly due to an increase in the number of SSC employees in 2024-25.
- rentals expenditures decreased by \$16.3 million. This is mainly attributable to a decrease in expenditures for licence and maintenance fees for various software.
- acquisitions of machinery and equipment decreased by \$5.0 million. This is mainly attributable to a decrease in expenditures related to communications and networking equipment and to the acquisition of computer equipment.
- a decrease of \$3.3 million in other various expenditures.

#### Vote 5 - Decrease of \$14.1 million

The net decrease in capital expenditures, compared to the first quarter of 2023-24, is mainly attributed to the following:

- acquisitions of machinery and equipment decreased by \$14.7 million. This is mainly due to a decrease in expenditures related to the acquisition of computer equipment.
- an increase of \$0.6 million in other various expenditures.



### **3.0 Risks and uncertainty**

SSC has identified the following departmental risks for 2024-25.

#### **IT procurement**

SSC may not be able to acquire the products and services it needs due to evolving global socio-economic, political conditions and/or current procurement approaches.

#### **Incentives for modernization and enterprise**

SSC and its partners have different incentives, interests and alignments related to IT priorities and services. This could slow the pace of modernization across the GC and the adoption of enterprise IT solutions.

#### **Cyber security incidents**

Cyber security incidents may significantly disrupt the public service's ability to access key information and data, which could negatively affect the delivery of services to Canadians.

#### **Reputation for service delivery**

SSC's reputation may suffer if it is unable to meet service standards related to departments' and agencies' IT needs.

#### **Adoption of emerging technologies**

SSC may not have the capacity and/or skills it needs to keep up with the broad-based adoption of different emerging technologies and their long-term implications. Examples of emerging technology could include quantum computing and cryptography.

#### **Aging infrastructure**

Critical and aging GC IT infrastructure may fail, which could significantly disrupt the public service's ability to deliver services to Canadians.

#### **Human resource capacity, skills and retention**

Limited labour market availability may increase competition for personnel with specialized IT skill sets. This may limit SSC's ability to recruit and retain IT specialized staff to meet ongoing needs.

### **4.0 Significant changes in relation to operations, personnel and programs**

On April 1, 2024, after Brendan Dunne's retirement, his Client Service Delivery and Management's (CSDM) National Defence and Policing Branch (NDPB) merged with Citizen and Business Branch (CBB) to become a single organization focused on client service delivery management for SSC's partners. José Gendron is now the Assistant Deputy Minister of this new branch: the Citizen, Business, National Defence and Policing Branch.

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**Approval by senior officials**

*Original signed by*

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Scott Jones  
President

Ottawa, Canada  
August 22, 2024

*Original signed by*

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Scott Davis, CPA  
Assistant Deputy Minister and  
Chief Financial Officer

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## 5.0 Statement of authorities *(unaudited)*

<i>(in thousands of dollars)</i>	Fiscal year 2024-25			Fiscal year 2023-24		
	Total available for use for the year ending March 31, 2025*	Used during the quarter ended June 30, 2024	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2024*	Used during the quarter ended June 30, 2023	Year-to-date used at quarter-end
<b>Vote 1 - Operating expenditures</b>						
Gross operating expenditures	2,940,685	660,269	660,269	2,992,109	652,080	652,080
Vote netted revenues	(793,000)	(118,441)	(118,441)	(793,000)	(117,112)	(117,112)
<b>Net operating expenditures</b>	<b>2,147,685</b>	<b>541,828</b>	<b>541,828</b>	<b>2,199,109</b>	<b>534,968</b>	<b>534,968</b>
<b>Vote 5 - Capital expenditures</b>						
Gross capital expenditures	271,553	16,452	16,452	329,680	30,568	30,568
Vote netted revenues	(60,000)	-	-	(60,000)	-	-
<b>Net capital expenditures</b>	<b>211,553</b>	<b>16,452</b>	<b>16,452</b>	<b>269,680</b>	<b>30,568</b>	<b>30,568</b>
<b>(S) Contributions to employee benefit plan</b>	<b>120,802</b>	<b>30,200</b>	<b>30,200</b>	<b>123,180</b>	<b>30,795</b>	<b>30,795</b>
<b>Total budgetary authorities</b>	<b>2,480,040</b>	<b>588,480</b>	<b>588,480</b>	<b>2,591,969</b>	<b>596,331</b>	<b>596,331</b>

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

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## 6.0 Departmental budgetary expenditures by standard object *(unaudited)*

*(in thousands of dollars)*

	Fiscal year 2024-25			Fiscal year 2023-24		
	Planned expenditures for the year ending March 31, 2025*	Expended during the quarter ended June 30, 2024	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2024*	Expended during the quarter ended June 30, 2023	Year-to-date used at quarter-end
<b>Expenditures:</b>						
Personnel (includes EBP)	996,179	278,418	278,418	933,575	246,235	246,235
Transportation and communications	683,272	74,001	74,001	679,323	75,476	75,476
Information	3,663	166	166	4,043	52	52
Professional and special services	431,173	62,581	62,581	550,590	63,918	63,918
Rentals	599,006	207,041	207,041	605,172	223,312	223,312
Repair and maintenance	276,675	63,532	63,532	251,067	63,748	63,748
Utilities, materials and supplies	5,690	705	705	6,169	451	451
Acquisition of land, buildings and works	3,191	999	999	5,558	650	650
Acquisition of machinery and equipment	333,319	18,227	18,227	403,635	37,906	37,906
Public debt charges	872	1,288	1,288	5,837	1,689	1,689
Other subsidies and payments	-	(37)	(37)	-	6	6
<b>Total gross budgetary expenditures</b>	<b>3,333,040</b>	<b>706,921</b>	<b>706,921</b>	<b>3,444,969</b>	<b>713,443</b>	<b>713,443</b>
<b>Less revenues netted against expenditures:</b>						
Vote netted revenues	853,000	118,441	118,441	853,000	117,112	117,112
<b>Total revenues netted against expenditures</b>	<b>853,000</b>	<b>118,441</b>	<b>118,441</b>	<b>853,000</b>	<b>117,112</b>	<b>117,112</b>
<b>Total net budgetary expenditures</b>	<b>2,480,040</b>	<b>588,480</b>	<b>588,480</b>	<b>2,591,969</b>	<b>596,331</b>	<b>596,331</b>

\* Includes only authorities available for use and granted by Parliament at quarter-end, which are distributed based on historical financial data.

## **7.0 Glossary**

### **Appropriations/Authorities**

Expenditure authorities are approvals from Parliament for individual government organizations to spend up to specific amounts. Expenditure authority is provided in two ways: annual appropriation acts that specify the amounts and broad purposes for which funds can be spent; and other specific statutes that authorize payments and set out the amounts and time periods for those payments. The amounts approved in appropriation acts are referred to as voted amounts, and the expenditure authorities provided through other statutes are called statutory authorities.

#### **Vote 1 - Operating expenditures**

A vote that covers most day-to-day expenses, such as salaries, utilities and minor capital expenditures.

#### **Vote 5 - Capital expenditures**

Capital expenditures are those made for the acquisition or development of items that are classified as tangible capital assets as defined by government accounting policies. This vote is generally used for capital expenditures that exceed \$10,000.

### **Capital Budget Carry Forward**

Treasury Board centrally managed vote that permits departments to bring forward eligible lapsing funds from one fiscal year to the next in an amount up to 20% of their year-end allotments in the capital expenditures Vote as reflected in Public Accounts.

### **Cash method of accounting**

The cash method recognizes revenues when they are received and expenses when they are paid for.

### **Collective agreement**

A collective agreement means an agreement in writing entered into under the *Public Service Staff Relations Act* between the employer and a bargaining agent and containing provisions covering terms and conditions of employment and related matters.

### **Departmental Plan**

The Departmental Plan is an expenditure plan for each department and agency (excluding Crown corporations). It describes departmental priorities, expected results and associated resource requirements covering a three-year period, beginning with the year indicated in the title of the report.

### **Employee Benefit Plan (EBP)**

A statutory item that includes employer contributions for the Public Service Superannuation Plan, the Canada and the Quebec Pension Plans, Death Benefits, and the Employment Insurance accounts. Expressed as a percentage of salary, the EBP rate is changed every year as directed by the Treasury Board Secretariat.

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**Expenditure basis of accounting**

An accounting method that combines elements of the two major accounting methods: the cash method and the accrual method. The expenditure basis of accounting method recognizes revenues when cash is received and expenses when liabilities are incurred or cash is paid out.

**Frozen allotments**

Frozen allotments are used to prohibit the spending of funds previously appropriated by Parliament. There are two types of frozen allotments:

- permanent: where the Treasury Board has directed that funds lapse at the end of the fiscal year
- temporary: where an appropriation is frozen until such time as conditions have been met

**Full accrual method of accounting**

An accounting method that measures the performance and position of an organization by recognizing economic events regardless of when cash transactions occur. Therefore, the full accrual method of accounting recognizes revenues when they are earned (for example, when the terms of a contract are fulfilled) and expenses when they are incurred.

**Main Estimates**

Each year, the government prepares estimates in support of its request to Parliament for authority to spend public funds. This request is formalized through the introduction of appropriation bills in Parliament. In support of the Appropriation Act, the Main Estimates identify the spending authorities (Votes) and amounts to be included in subsequent appropriation bills. Parliament is asked to approve these Votes to enable the government to proceed with its spending plans.

**Operating Budget Carry Forward**

Treasury Board centrally managed vote that permits departments to bring forward eligible lapsing funds from one fiscal year to the next in an amount up to 5% of their Main Estimates gross operating budget allotment.

**Standard objects**

A system in accounting that classifies and summarizes expenditures by category, such as type of goods or services acquired, for monitoring and reporting.

**Supplementary Estimates**

The President of the Treasury Board tables up to three Supplementary Estimates, usually in May, in late October or early November and in February, to obtain the authority of Parliament to adjust the government's expenditure plan set out in the estimates for that fiscal year. Supplementary Estimates serve two purposes. First, they seek authority for revised spending levels that Parliament will be asked to approve in an Appropriation Act. Second, they provide Parliament with information on changes in the estimated expenditures to be made under the authority of statutes previously passed by Parliament. Each Supplementary Estimates document is identified alphabetically (A, B and C).

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**Vote netted revenues authority**

The authority by which Shared Services Canada has permission to collect and spend revenue earned and collected from the provision of IT services within the government.