



Quarterly Financial Report - For the quarter ended September 30, 2024

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1. 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 and the 2023-24 Carry Forward. 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.

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

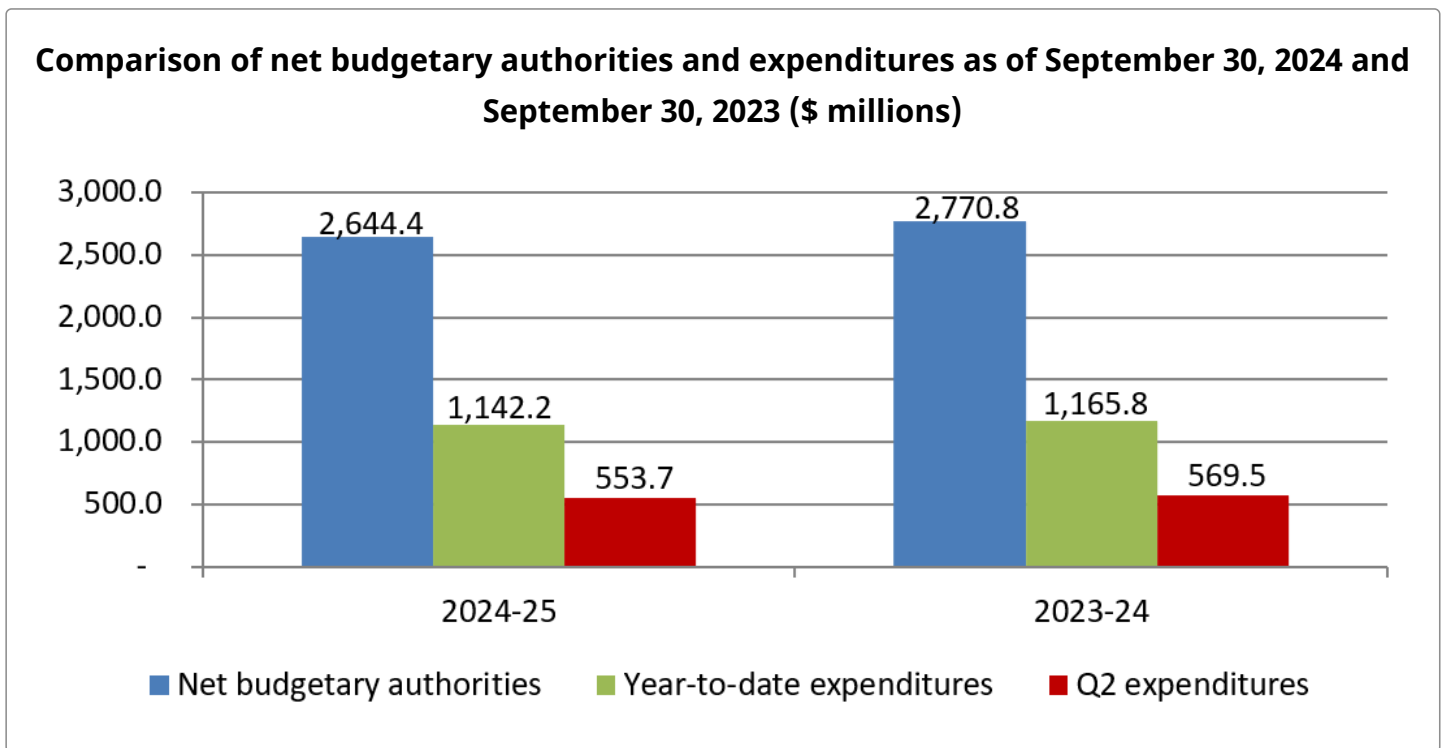
revenues. The statutory authorities consist of contributions to the Employee Benefit Plan (EBP).

At the end of the second quarter of 2024-25, 90% 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 10% 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. Highlights of fiscal quarter and fiscal year-to-date results

The following graph provides a comparison of the net budgetary authorities available for spending, the year-to-date expenditures, and the expenditures for the quarters ended September 30, 2024, and September 30, 2023, for the department's combined Vote 1 – Operating expenditures, Vote 5 – Capital expenditures, and statutory authorities.



► Long description - Comparison of net budgetary authorities and expenditures as of September 30, 2024 and September 30, 2023

2.1 Significant changes to authorities

As of September 30, 2024, the authorities available to the department include the Main Estimates and the Carry Forward from fiscal year 2023-24, as no items were requested for the Supplementary Estimates (A). Authorities available for spending in 2024-25 are \$2,644.4 million at the end of the second quarter, compared to \$2,770.8 million at the end of the second quarter of 2023-24, representing a decrease of \$126.4 million, or 4.6%. This total decrease is a combination of a decrease of \$45.3 million in Vote 1 – Gross operating expenditures, a decrease of \$78.7 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 September 30, 2024, and September 30, 2023

Net authorities available (\$ millions)	2024-25	2023-24	Variance
Vote 1 – Operating expenditures	3,087.9	3,133.2	(45.3)
Vote 5 – Capital expenditures	288.7	367.4	(78.7)
Statutory (EBP)	120.8	123.2	(2.4)
Total gross authorities	3,497.4	3,623.8	(126.4)
Vote netted revenues	(853.0)	(853.0)	-
Total net authorities	2,644.4	2,770.8	(126.4)

Vote 1 – Gross operating expenditures

The department's Vote 1 decreased by \$45.3 million, compared to the second 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)
- 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)
- an increase in funding related to the Operating Budget Carry Forward (\$6.1 million)

Vote 5 – Gross capital expenditures

The department’s Vote 5 decreased by \$78.7 million, compared to the second quarter of 2023-24, mainly due to:

- a decrease of 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)
- a decrease in funding related to the Capital Budget Carry Forward (\$20.5 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 second 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

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 September 30, 2024, have decreased by \$23.6 million, from \$1,165.8 million to \$1,142.2 million as per the table below. This represents a decrease of 2.0% against expenditures recorded for the same period in 2023-24.

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

Net year-to-date expenditures (\$ millions)	2024-25	2023-24	Variance
Vote 1 – Operating expenditures	1,339.6	1,316.7	22.9

Net year-to-date expenditures (\$ millions)	2024-25	2023-24	Variance
Vote 5 – Capital expenditures	37.0	88.7	(51.7)
Statutory (EBP)	60.4	61.6	(1.2)
Total gross year-to-date expenditures	1,437.0	1,467.0	(30.0)
Vote netted revenues	(294.8)	(301.2)	6.4
Total net year-to-date expenditures	1,142.2	1,165.8	(23.6)

Vote 1 – Increase of \$22.9 million

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

- personnel expenditures increased by \$57.8 million. This is mainly due to an increase in the number of SSC employees in 2024-25.
- professional and special services expenditures decreased by \$21.5 million. This decrease is mainly attributable to expenditures for management consulting.
- repair and maintenance expenditures decreased by \$8.3 million. This decrease is mainly attributable to lower expenditures for repair and maintenance of computer equipment, and communications and networking equipment.
- transportation and communications expenditures decreased by \$6.9 million. This decrease is mainly attributable to lower expenditures for communications and networking services, and voice and data communications services.
- an increase of \$1.8 million in other various expenditures.

Vote 5 – Decrease of \$51.7 million

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

- acquisitions of machinery and equipment decreased by \$52.3 million. This is mainly due to a decrease in expenditures related to the acquisition of computer equipment, including expenditures related to the Information Technology Refresh Program.
- an increase of \$0.6 million in other various expenditures.

3. 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. Significant changes in relation to operations, personnel and programs

On September 6, 2024, Matt Davies, the Chief Technology Officer (CTO), left SSC and was replaced by Joanna Murphy on September 9, 2024, as acting CTO.

Approval by senior officials

Original signed by

Scott Jones

President

Original signed by

Scott Davis, CPA

Assistant Deputy Minister and Chief Financial Officer

Ottawa, Canada

November 26, 2024

5. Statement of authorities (unaudited) (in thousands of dollars)

	Fiscal year 2024-25			Fiscal year 2023-24		
	Total available for use for the year ending March 31, 2025 ¹	Used during the quarter ended September 30, 2024	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2024 ¹	Used during the quarter ended September 30, 2023	Year-to-date used at quarter-end

Vote 1 - Operating expenditures

¹ Includes only authorities available for use and granted by Parliament at quarter-end.

	Fiscal year 2024-25			Fiscal year 2023-24		
	Total available for use for the year ending March 31, 2025 ¹	Used during the quarter ended September 30, 2024	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2024 ¹	Used during the quarter ended September 30, 2023	Year-to-date used at quarter-end
Gross operating expenditures	3,087,949	679,338	1,339,607	3,133,243	664,625	1,316,705
Vote netted revenues	(793,000)	(176,373)	(294,814)	(793,000)	(184,070)	(301,182)
Net operating expenditures	2,294,949	502,965	1,044,793	2,340,243	480,555	1,015,523
Vote 5 – Capital expenditures						
Gross capital expenditures	288,698	20,573	37,025	367,367	58,117	88,685
Vote netted revenues	(60,000)	-	-	(60,000)	-	-
Net capital expenditures	228,698	20,573	37,025	307,367	58,117	88,685
(S) Contributions to employee benefit plan	120,802	30,201	60,401	123,180	30,795	61,590
Total budgetary authorities	2,644,449	553,739	1,142,219	2,770,790	569,467	1,165,798
1	Includes only authorities available for use and granted by Parliament at quarter-end.					

6. 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 ²	Expended during the quarter ended September 30, 2024	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2024 ²	Expended during the quarter ended September 30, 2023	Year-to-date used at quarter-end
Expenditures:						
Personnel (includes EBP)	1,004,209	281,908	560,326	944,008	257,516	503,751
Transportation and communications	741,688	117,850	191,851	726,777	123,234	198,710
Information	3,880	95	261	4,171	156	208
Professional and special services	457,546	93,255	155,836	586,788	113,602	177,520
Rentals	607,494	128,084	335,125	617,942	112,419	335,731
Repair and maintenance	305,220	68,754	132,286	276,568	75,981	139,729
Utilities, materials and supplies	19,799	1,854	2,559	7,035	1,564	2,015
Acquisition of land, buildings and works	3,191	1,052	2,051	5,558	1,296	1,946

² Includes only authorities available for use and granted by Parliament at quarter-end, which are distributed based on historical financial data.

	Fiscal year 2024-25			Fiscal year 2023-24		
	Planned expenditures for the year ending March 31, 2025 ²	Expended during the quarter ended September 30, 2024	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2024 ²	Expended during the quarter ended September 30, 2023	Year-to-date used at quarter-end
Acquisition of machinery and equipment	353,550	33,110	51,337	449,106	66,228	104,134
Public debt charges	872	1,224	2,512	5,837	1,981	3,670
Other subsidies and payments	-	2,926	2,889	-	(440)	(434)
Total gross budgetary expenditures	3,497,449	730,112	1,437,033	3,623,790	753,537	1,466,980
Less revenues netted against expenditures:						
Vote netted revenues	853,000	176,373	294,814	853,000	184,070	301,182
Total revenues netted against expenditures	853,000	176,373	294,814	853,000	184,070	301,182
Total net budgetary expenditures	2,644,449	553,739	1,142,219	2,770,790	569,467	1,165,798
²	Includes only authorities available for use and granted by Parliament at quarter-end, which are distributed based on historical financial data.					

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.

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).

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.

Date modified:

2024-11-29