

Social Sciences and Humanities Research Council of Canada

Quarterly Financial Report

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

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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](#) and [Supplementary Estimates](#) for 2016-17. 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 and Supplementary Estimates for the 2016-17 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.

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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 section highlights the significant items that contributed to the net increase in resources available for the year and the actual expenditures for the quarter ending June 30, 2016.

2.1 Significant changes to budgetary authorities

This QFR reflects the results of the current fiscal period in relation to the 2016-17 Main Estimates and Supplementary Estimates (A) (SEA).

SSHRC's total budgetary authority available in the first quarter ending June 30, 2016, was \$736.0 million. This represents an overall increase of \$18.9 million (3%) from the comparative period of the previous year, of which \$18.0 million relates to an increase in SSHRC's grant and scholarship programs (Vote 5) and \$0.9 million to an increase in net operating expenditures (Vote 1).

SSHRC manages the tri-agency [Research Support Fund](#) on behalf of the other two federal research granting agencies, the Natural Sciences and Engineering Research Council and the Canadian Institutes of Health Research. This amount, included in the total budgetary authority available, corresponds to \$341.4 million.

The major changes in SSHRC's grant and scholarship programs between the current and previous fiscal year include the following elements:

- an increase of \$9.0 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 2015);
- a \$6.5 million increase in partnership grants, which support collaborations between academic researchers, businesses and other partners to advance research and knowledge mobilization in the social sciences and humanities (Budget 2015);
- an increase of \$1.9 million due to the Canada First Research Excellence Fund, a tri-agency initiative that helps institutions excel globally in research areas that create long-term economic advantages for Canada (Budget 2014); and
- an increase of \$0.7 million for the Community and College Social Innovation Fund, a pilot initiative for social innovation research projects at colleges and polytechnics.

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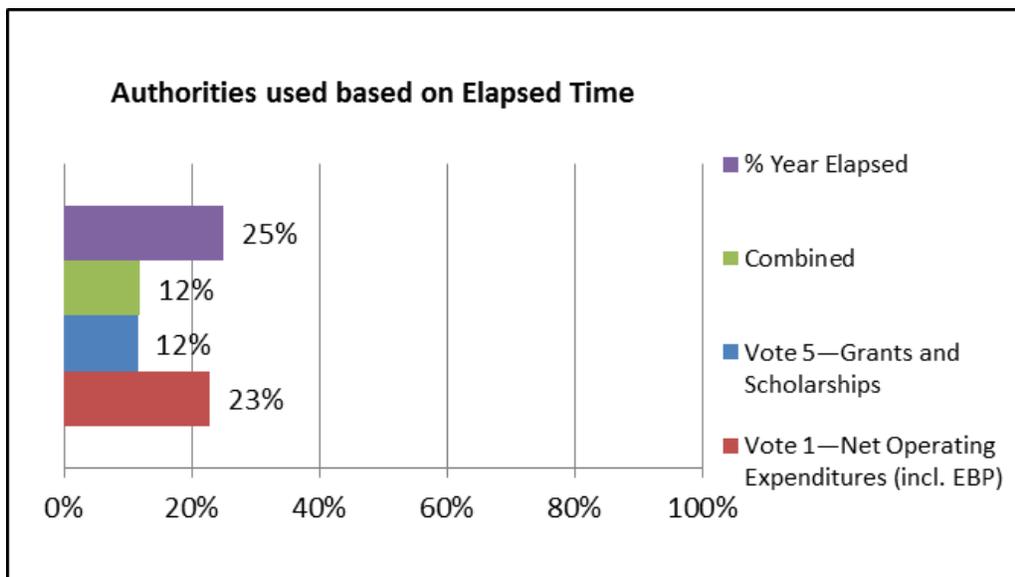
2.2 Significant variances from previous year expenditures

In the first quarter of 2016-17, total budgetary expenditures amounted to \$87.9 million compared to \$156.6 million reported in the same quarter of 2015-16.

(millions of dollars)	2016-17	2015-16	Variance
Vote 1 - Operating Authorities			
Personnel	5.3	5.3	-
Non-personnel	0.9	0.8	0.1
Vote 5 - Grant and Scholarship Program Authorities	81.7	150.5	(68.8)
Total Budgetary Expenditures	87.9	156.6	(68.7)

Authorities Used

As shown above, total authorities used during the first quarter of 2016-17 amounted to \$87.9 million. This represents 12% of the total available authorities.



Grants and Scholarships

Transfer payments represent 96.3% of SSHRC's available authorities. Grant and scholarship payments vary between periods due to the competition cycles and results of peer-reviewed programs and multiyear award profiles. During the first quarter of 2016-17, SSHRC's transfer payment expenditures have decreased by \$68.8 million, compared with the same quarter of the previous fiscal year. The major differences in specific programs from year to year are as follows:

- timing differences on payments that resulted in a \$76.4 million decrease over the previous year for the following programs: Research Support Fund (\$70.7 million decrease), Research Development Grants (\$4.0 million decrease), SSHRC Institutional Grants (\$2.7 million decrease)

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and the Joseph Armand Bombardier Canada Graduate Scholarship (\$1.0 million increase). This timing variance is expected to be offset by year-end;

- an increase for Partnership Grants of \$7.1 million mainly due to 17 new grants and timing difference on payments; and
- an increase of \$0.5 million due to the Canada First Research Excellence Fund due to a ramp-up of the program.

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 70% of available operating authorities and planned operating expenditures for 2016-17). The personnel expenditures for the first quarter of 2016-17 are in line with the previous year's first quarter spending.

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 quarter and year-to-date in 2016-17 are consistent with the previous year's first quarter and year-to-date spending.

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).

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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.

SSHRC relies on its partnerships from the academic community for effective program delivery. Maintaining the support and engagement of the research community and other stakeholders is critical to achieving SSHRC's objectives. SSHRC is working to actively and carefully monitor, review and address issues as they arise.

Internal Risk Factors

In order 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 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 transforming its business processes in order to adapt more efficiently to internal changes and improve external client service. There is also the risk that SSHRC fails to adequately plan for effective program delivery. 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.

4. Significant Changes Related to Operations, Personnel and Programs

SSHRC's primary strategic outcome is for Canada to be a world leader in social sciences and humanities research and research training. SSHRC carries out this strategic outcome through its three umbrella programs: Talent, Insight and Connection. In April 2016, SSHRC launched its 2016-20 strategic plan, *Advancing Knowledge for Canada's Future*. The new plan will also support the achievement of this strategic outcome by focusing on three priorities:

- . enable excellence in a changing research landscape;
- . create opportunities for research and training through collaborative initiatives; and
- connect social sciences and humanities research with Canadians.

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A number of changes, in comparison with the previous fiscal year, relate to operations, personnel and programs. In Budget 2016, the Government of Canada recognized the importance of fostering a strong advanced Canadian research environment. As such, Budget 2016 included funding announcements describing additional program dimensions that will be implemented in fiscal year 2016-17.

Approved by:

Original signed by

**Ted Hewitt, PhD
President, SSHRC**

**Ottawa, Canada
August 13, 2016**

Original signed by

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Vice-President and Chief
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5. Statement of authorities (unaudited)

<i>(in thousands of dollars)</i>	Fiscal Year 2016-17			Fiscal Year 2015-16		
	Total available for use for the year ending March 31, 2017*	Used during the quarter ended June 30, 2016	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2016*	Used during the quarter ended June 30, 2015	Year-to-date used at quarter-end
Vote 1 — Operating Expenditures	24,148	5,464	5,464	23,229	5,365	5,365
Vote 5—Grants and Scholarships	708,996	81,743	81,743	690,999	150,534	150,534
Budgetary Statutory Authorities						
Contributions to the employee benefit plan	2,751	679	679	2,609	652	652
Spending of revenues pursuant to subsection 4 (2) of the <i>Social Sciences and Humanities Research Council Act</i>	95	-	-	225	-	-
Total Budgetary Authorities	735,990	87,886	87,886	717,062	156,551	156,551

* 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)

	Fiscal Year 2016-17			Fiscal Year 2015-16		
	Planned expenditures for the year ending March 31, 2017	Expended during the quarter ended June 30, 2016	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2016	Expended during the quarter ended June 30, 2015	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
Expenditures						
Personnel	18,764	5,262	5,262	18,187	5,218	5,218
Transportation and communications	1,193	171	171	2,080	189	189
Information	1,199	40	40	460	97	97
Professional and special services	3,764	380	380	3,410	287	287
Rentals	1,290	233	233	1,268	189	189
Repair and maintenance	96	21	21	114	1	1
Utilities, materials and supplies	109	27	27	129	17	17
Acquisition of machinery and equipment	579	9	9	415	8	8
Other subsidies and payments	-	-	-	-	11	11
Transfer payments	708,996	81,743	81,743	690,999	150,534	150,534
Total Budgetary Expenditures	735,990	87,886	87,886	717,062	156,551	156,551