

Social Sciences and Humanities Research Council of Canada
Quarterly Financial Report
For the Quarter Ended September 30, 2016

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](#) 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.

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.

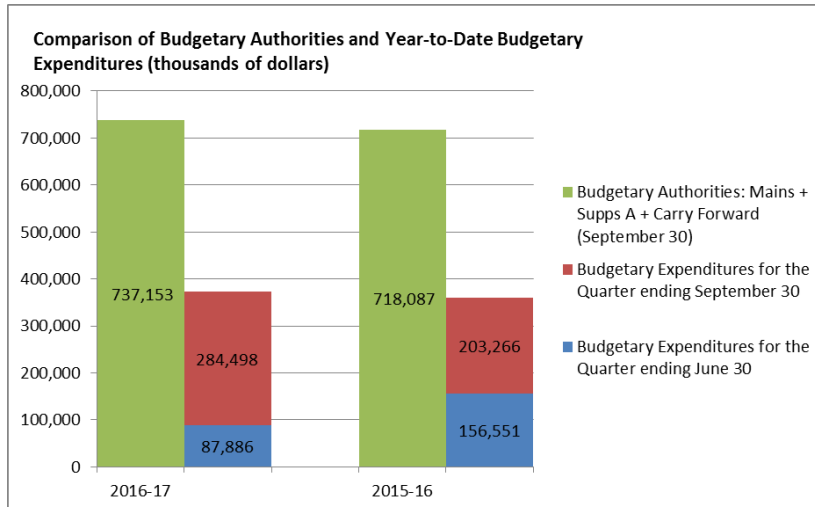
2. Highlights of fiscal quarter and fiscal year-to-date results

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

Sections 2.1 and 2.2 below highlight the significant items that contributed to the net increase in resources available from fiscal 2015-16 to fiscal 2016-17 and the actual expenditures as at September 30, 2016, and September 30, 2015.

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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 six months of fiscal 2016-17 and fiscal 2015-16.



2.1 Significant changes to budgetary authorities

SSHRC's total budgetary authority available at the end of the second quarter ending September 30, 2016, was \$737.2 million. This represents an overall increase of \$19.1 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 \$1.1 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 September 30, 2016, and the same period in the 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 for 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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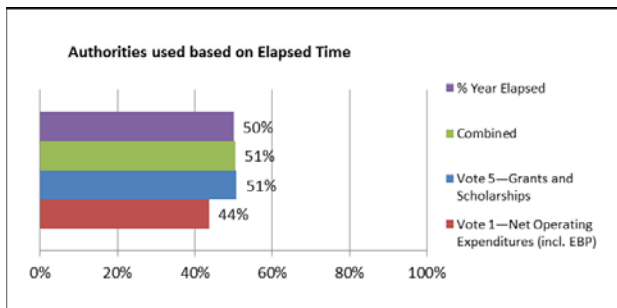
2.2 Significant changes to authorities used

Total Authorities Used

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

Year-to-date expenditures (millions of dollars)	2016-17	2015-16	Variance
Vote 1 - Operating Authorities			
Personnel	10.4	10.1	0.3
Non-personnel	1.9	1.8	0.1
Vote 5 - Grant and Scholarship Program Authorities	360.1	347.9	12.2
Total Budgetary Expenditures	372.4	359.8	12.6

Total budgetary expenditures amounted to \$372.4 million at the end of the second quarter of fiscal 2016-17, compared to \$359.8 million reported in the same period in the previous fiscal year. The total authorities used at the end of the second quarter represent 51% of total available authorities.



Grants and Scholarships

At the end of the second quarter, SSHRC spent \$12.2 million more than what was spent at the same point in the previous fiscal year. The main factors are:

- increases in spending in Insight Development Grants and Partnership Grants (\$5.8 million) and the Research Support Fund (\$3.3 million) related to authorities received in Budget 2015; and
- an increase of \$3.2 million due to timing difference in payments related to earlier acceptance for the Canada Graduate Scholarships and Doctoral Scholarships.

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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 67% of available operating authorities and planned operating expenditures for fiscal 2016-17). The personnel expenditures for the second quarter of fiscal 2016-17 are in line with the previous year's second quarter spending. "Other subsidies and payments" decreased by \$11,000 (or 100%) due to a non-recurring transition payment in the prior fiscal year implementing salary payment in arrears by the Government of Canada.

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 2016-17 are consistent with the comparative period of the previous year.

Quarterly Spending

Budgetary expenditures in the second quarter of fiscal 2016-17 amounted to \$284.5 million, compared to \$203.3 million reported in the same quarter of fiscal 2015-16.

Expenditures for the Second Quarter (millions of dollars)	2016-17	2015-16	Variance
Vote 1 - Operating Authorities			
Personnel	5.2	4.9	0.3
Non-personnel	0.9	1.1	(0.2)
Vote 5 - Grant and Scholarship Program Authorities	278.4	197.3	81.1
Total Budgetary Expenditures	284.5	203.3	81.2

Grants and Scholarships

Transfer payments represent 96.2% 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 second quarter of fiscal 2016-17, SSHRC's transfer payment expenditures increased by \$81.1 million over the same quarter of the previous fiscal year. The main factor for this increase is the offset of timing differences on payment between comparative quarters.

The major differences from year to year are as follows:

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- timing differences on payments being made in the second quarter this year compared to the end of the first quarter last fiscal year for the following programs: Research Support Fund, Insight Development Grants and Institutional Grants (increase of \$77.4 million);
- an increase of \$3.3 million in the Research Support Fund related to the funding received in Budget 2015; and
- an increase of \$0.6 million due to payments for Canada Graduate Scholarships and Doctoral Scholarships being made sooner this fiscal year, because recipients accepted their awards earlier.

Operating Expenditures

Variances of the quarterly spending are in line with the previous 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

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 Factors

SSHRC is currently planning a transformation of its business processes in order to adapt more efficiently to internal changes and improve external client service. Risks associated with that transformation are described below, as they could impact effective delivery of SSHRC's programs.

Legacy systems: The suite of SSHRC legacy applications may not be able to continue to support existing and new SSHRC grants management processes due to their aging software and database systems, resulting in additional and/or unforeseen costs to the agency.

- Risk response: SSHRC will establish an information technology portfolio management system to make decisions on the strategic investments required in the legacy systems suite. SSHRC will also identify gaps between legacy application capabilities and business requirements.

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New Research Portal: The organization might not be able to deliver this bi-agency initiative within the established schedule and budget, due to its high degree of complexity in integrating more than 70 funding opportunities with different business processes, business rules and data structures.

- Risk response: SSHRC is working closely with NSERC and the Treasury Board Secretariat to develop key project documents, such as a project charter and detailed project management plan, to ensure that the project achieves its goal within the timelines and budget allocated.

4. Significant Changes Related to Operations, Personnel 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 launched in September 2016 a new People Strategy for 2016-20 that outlines the organization's commitments for developing talent and for building and sustaining a thriving and successful workplace and work culture.

A number of changes, compared to 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

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Ottawa, Canada
November 18, 2016

Original signed by

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5. Statement of authorities (unaudited)

	Fiscal Year 2016-17			Fiscal Year 2015-16		
	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	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
<i>(in thousands of dollars)</i>						
Vote 1 — Operating Expenditures	25,311	5,427	10,891	24,254	5,284	10,649
Vote 5 — Grants and Scholarships	708,996	278,392	360,135	690,999	197,330	347,864
Budgetary Statutory Authorities						
Contributions to the employee benefit plan	2,751	679	1,358	2,609	652	1,305
Spending of revenues pursuant to subsection 4 (2) of the <i>Social Sciences and Humanities Research Council Act</i>	95	-	-	225	-	-
Total Budgetary Authorities	737,153	284,498	372,384	718,087	203,266	359,818

* 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 September 30, 2016	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2016	Expended during the quarter ended September 30, 2015	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
Expenditures						
Personnel	18,764	5,166	10,428	18,187	4,928	10,146
Transportation and communications	1,362	189	360	2,350	185	373
Information	1,368	200	240	520	223	320
Professional and special services	4,295	464	844	3,854	502	790
Rentals	1,473	57	290	1,433	54	243
Repair and maintenance	109	4	25	129	6	6
Utilities, materials and supplies	125	8	35	146	9	27
Acquisition of machinery and equipment	661	18	27	469	29	38
Other subsidies and payments	-	-	-	-	-	11
Transfer payments	708,996	278,392	360,135	690,999	197,330	347,864
Total Budgetary Expenditures	737,153	284,498	372,384	718,087	203,266	359,818