

Social Sciences and Humanities Research Council of Canada
Quarterly Financial Report
For the Quarter Ended December 31, 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 \(A\) and \(B\)](#) 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.

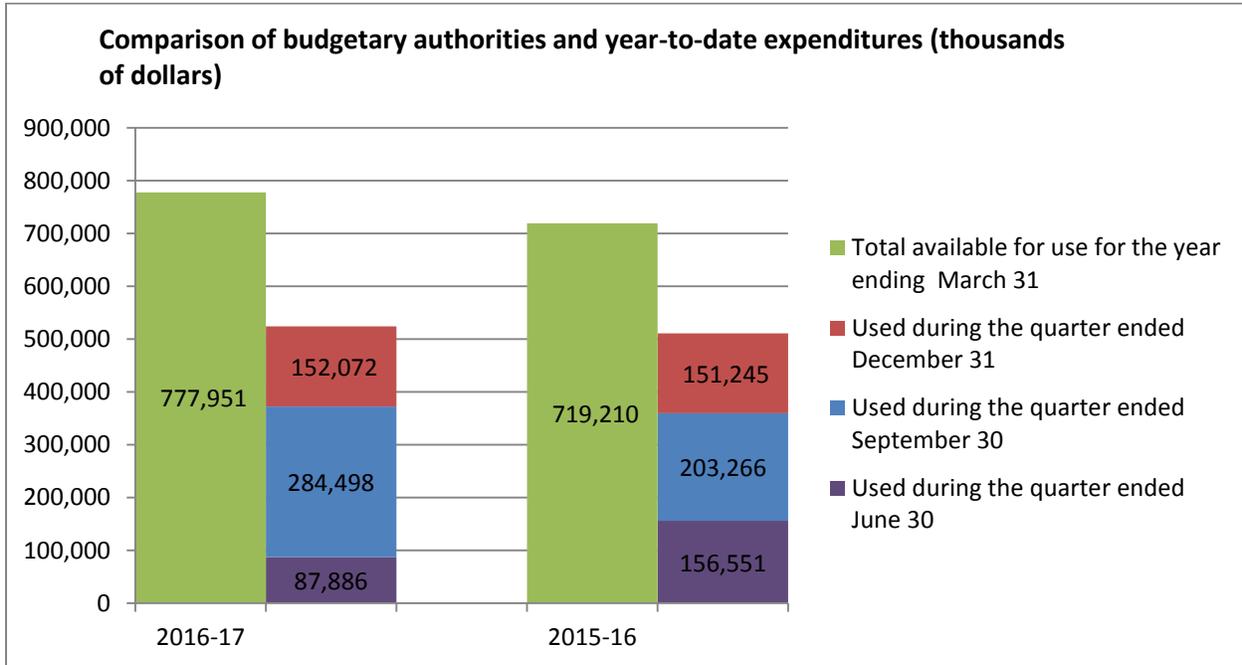
2. Highlights of fiscal quarter and fiscal year-to-date results

This QFR reflects the results of the current fiscal period in relation to the 2016-17 Main Estimates, the Supplementary Estimates (A) and (B) (SEA, SEB) 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 December 31, 2016, and December 31, 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 nine months of fiscal 2016-17 and fiscal 2015-16.



2.1 Significant changes to budgetary authorities

As of December 31, 2016, SSHRC’s total available authorities for 2016-17 amounted to \$778.0 million. To date, for 2016-17, total authorities have increased by \$58.7 million over the previous year. The major changes in SSHRC’s grants and scholarship programs between the current and previous fiscal year include:

- an increase of \$28.0 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 & Budget 2016);
- a \$15.9 million increase in insight grants, which enables scholars to address complex issues related to individuals and societies, and to further our collective understanding (Budget 2016);
- 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 \$6.8 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
- net transfers totaling \$1.5 million to other federal departments, including a transfer to Canadian Heritage in support of research on sports participation.

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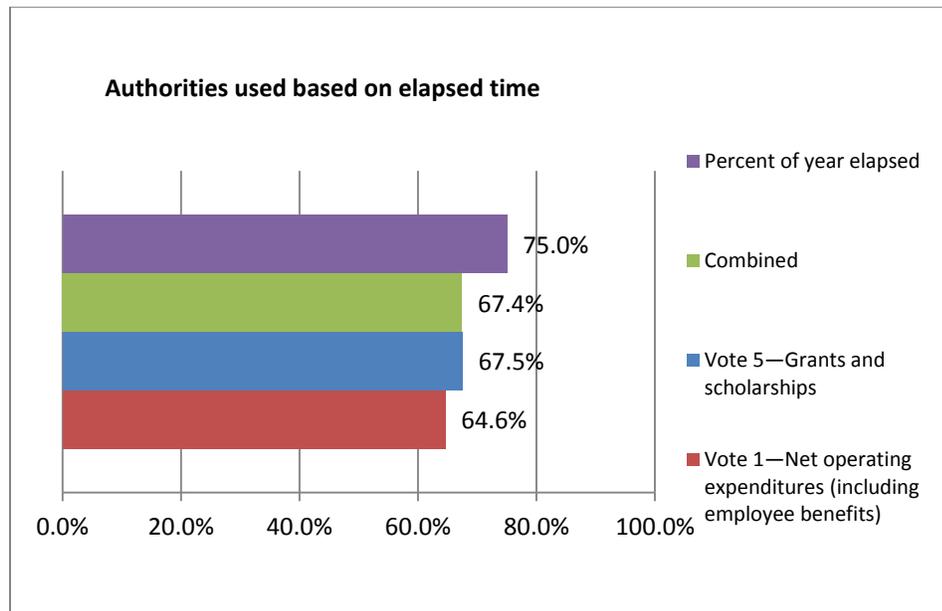
2.2 Significant changes to authorities used

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)	2016-17	2015-16	Variance
Vote 1 - Operating expenditures			
Personnel	15.8	15.4	0.4
Non-personnel	3.1	2.8	0.3
Vote 5 - Grants and scholarships	505.6	492.9	12.7
Total budgetary expenditures	524.5	511.1	13.4

Total authorities used cumulatively during the first nine months of 2016-17 fiscal year represented \$524.5 million (67.4% of the available authorities).



Grants and Scholarships

At the end of the third quarter, SSHRC spent **\$12.7 million** more in grants and scholarships than it had spent by the end of the same quarter in the previous fiscal year. The main factors in this net increase over the previous year include:

- a timing difference on payments resulted in a net increase of \$2.4 million in programs, including Canada Graduate Scholarships, Doctoral Fellowships and the Research Support Fund;
- an increase of \$14.4 million stemming from the increased authorities in the Insight Development Grants, Insight Grants, Partnership Grants and Partnership Development Grants;

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- a decrease of \$3.0 million due to fewer active Canada Research Chairs; and
- a decrease of \$1.1 million for the phasing out of the Research Grants 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 66% of available operating authorities and planned operating expenditures for fiscal 2016-17). The personnel expenditures for the first three quarters of fiscal 2016-17 increased by \$0.4 million over the same period in the previous year, mainly due to the staffing of vacant full-time positions. The variance in "Other subsidies and payments" of \$45,000 (or 100%) is 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 nine months of fiscal 2016-17 are consistent with the comparative period of the previous year.

Quarterly Spending

The total authorities used during the third quarter of 2016-17 amounted to \$152.1 million (19.5% of the total available authorities; 19.4% of total authorities used for grant and scholarship programs; and 22.7% for operating expenditures and employee benefits).

Budgetary expenditures used during the third quarter (millions of dollars)	2016-17	2015-16	Variance
Vote 1 - operating expenditures			
Personnel	5.4	5.2	0.2
Non-personnel	1.3	1.0	0.3
Vote 5 - grants and scholarships	145.4	145.0	0.4
Total budgetary expenditures	152.1	151.2	0.9

Grants and Scholarships

Transfer payments represent 96.2% of SSHRC's available authorities. Variations occur in transfer payment expenditures between quarters due to the nature of program cycles. During the third quarter of

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2016-17, SSHRC's transfer payment expenditures have increased by \$0.4 million compared with the same quarter of the previous fiscal year. Differences in specific programs from year to year include:

- a net timing difference on payments resulted in a decrease of \$3.6 million over the previous year in a variety of programs, most notably: Canada Graduate Scholarships, Doctoral Fellowships, Centres of Excellence for Commercialization and Research and the Research Support Fund;
- an increase of \$7.4 million over the previous year stemming from the increased authorities in the Research Development Grants and Insight Grants;
- a decrease of \$3.4 million over the previous year due to fewer active Canada Research Chairs

Operating Expenditures

The personnel and non-personnel expenditures are in line with those of the third 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 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.

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- 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.

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

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

Ted Hewitt, PhD
President, SSHRC

Ottawa, Canada
February 28, 2016

Original signed by

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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 December 31, 2016	Year-to-date used at quarter-end	Total available for use for the year ending March 31, 2016*	Used during the quarter ended December 31, 2015	Year-to-date used at quarter-end
Vote 1 — Operating Expenditures	26,341	5,953	16,843	24,162	5,600	16,279
Vote 5 — Grants and Scholarships	748,646	145,433	505,568	692,214	144,987	492,851
Budgetary Statutory Authorities						
Contributions to the employee benefit plan	2,869	679	2,037	2,609	652	1,957
Spending of revenues pursuant to subsection 4 (2) of the <i>Social Sciences and Humanities Research Council Act</i>	95	7	7	225	6	6
Total Budgetary Authorities	777,951	152,072	524,455	719,210	151,245	511,093

* 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 December 31, 2016	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2016	Expended during the quarter ended December 31, 2015	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
<u>Expenditures</u>						
Personnel	19,470	5,364	15,792	18,187	5,212	15,369
Transportation and communications	1,562	184	543	2,326	98	471
Information	1,368	250	489	515	134	454
Professional and special services	4,537	714	1,559	3,815	574	1,364
Rentals	1,473	75	365	1,418	75	318
Repair and maintenance	109	32	58	127	21	25
Utilities, materials and supplies	125	6	40	144	47	76
Acquisition of machinery and equipment	661	14	41	464	82	120
Other subsidies and payments	-	-	-	-	15	45
Transfer payments	748,646	145,433	505,568	692,214	144,987	492,851
Total Budgetary Expenditures	777,951	152,072	524,455	719,210	151,245	511,093