

**Social Sciences and Humanities Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended September 30, 2018**

## **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 2018-19 [Main Estimates](#). 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**

Management prepared this quarterly report 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 for fiscal 2018-19. 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 the Government of Canada can spend monies. 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.

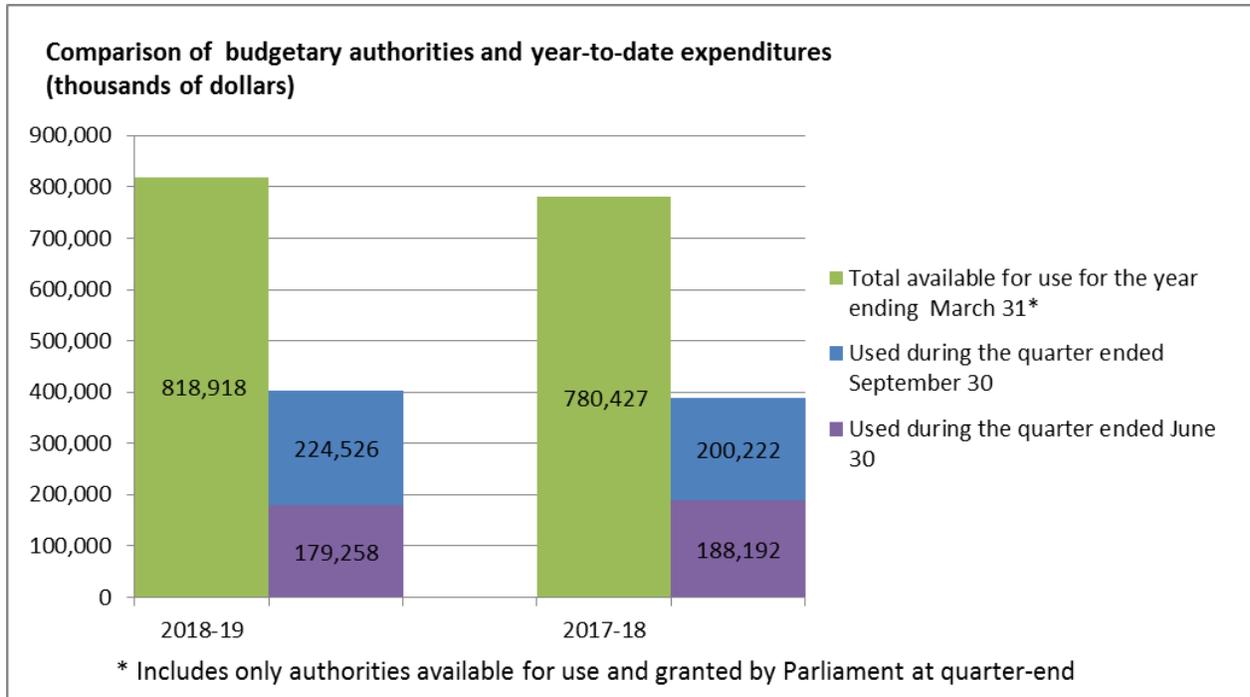
### **2. Highlights of fiscal quarter and fiscal year-to-date results**

This section highlights the significant items that contributed to the change in resources available for the fiscal year, as well as the actual year-to-date and quarterly expenditures compared with the previous fiscal year.

The total available authorities are comprised of the 2018-19 [Main Estimates](#), the operating budget carry-forward and other approved items by the Treasury Board as at September 30, 2018.

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The following graph provides a comparison of budgetary authorities available for the full fiscal year and budgetary expenditures by quarter for fiscal 2018-19 and fiscal 2017-18.



## 2.1 Significant changes to budgetary authorities

As of September 30, 2018, SSHRC's total available authorities for fiscal 2018-19 amounted to \$818.9 million. This represents an overall increase of \$38.5 million (4.9 per cent) from the comparative period of the previous year. The major changes in SSHRC's budgetary authorities between the current and previous fiscal years include:

- an increase of \$27.0 million from Budget 2018 to support investigator-led research;
- an increase of \$5.5 million in the Canada First Research Excellence Fund, a tri-agency initiative to help institutions excel globally in research areas that create long-term economic advantages for Canada;
- an investment of \$4.2 million in the Canada 150 Research Chairs, a new grant program created to attract international scholars and researchers who are among the top five to 10 per cent in their fields and enhance Canada's reputation as a global centre for innovation, science and research excellence;
- an investment of \$3.6 million from Budget 2018 for Indigenous data and research funding to support engagement and dialogue to co-develop a strategic plan that identifies new ways of doing research with Indigenous communities, including strategies to grow the capacity of Indigenous communities to conduct research and partner with the broader research community;
- an increase of \$1.0 million due to the reprofiling of 2017-18 operating funds for collective bargaining; and
- an increase of \$0.8 million for negotiated salary adjustments; partially offset by:

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- a decrease of \$3.1 million in the College and Community Social Innovation Fund to support social innovation research projects at colleges and polytechnics; and
- a decrease of \$0.5 million in the Business-Led Networks of Centres of Excellence, which bring together academic and private sector experts.

## 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)

	2018-19	2017-18	Variance
<b>Vote 1 - Operating expenditures</b>			
Personnel	13.1	10.2	2.9
Non-personnel	1.6	1.8	(0.2)
<b>Vote 5 - Grants and scholarships</b>	389.1	376.4	12.7
<b>Total budgetary expenditures</b>	<b>403.8</b>	<b>388.4</b>	<b>15.4</b>

Total budgetary expenditures amounted to \$403.8 million at the end of the second quarter of fiscal 2018-19, compared to \$388.4 million reported in the same period in the previous fiscal year.

### Grants and scholarships

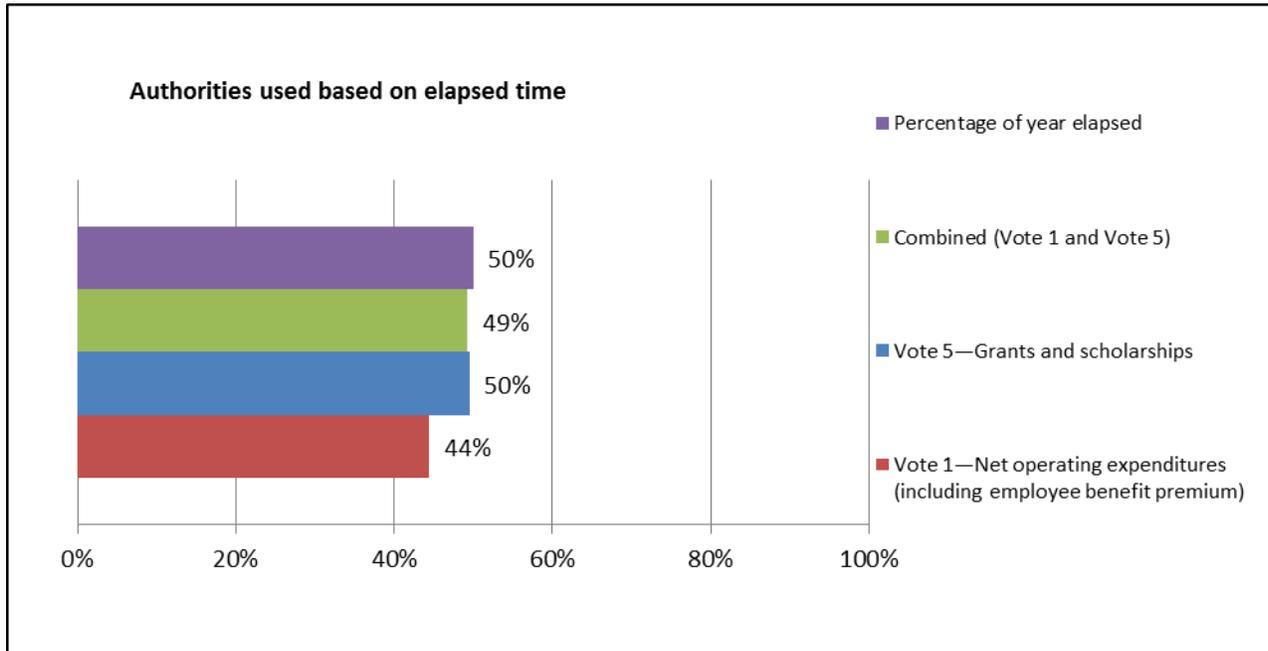
At the end of the second quarter of 2018-19, the grant and scholarship expenses increased by \$12.7 million, compared to what was reported in the same period of the previous fiscal year. The increase in expenditures is in proportion with the increase in budget for 2018-19 in comparison to 2017-18.

### Operating expenditures

Personnel expenditures have increased by \$2.9 million compared to the amount reported in the same period in the previous fiscal year. The increase is mainly due to the payment of retroactive salary and the economic increase resulting from the renewed collective agreements approved during the second quarter of 2018-19.

Total non-personnel expenditures are in line with previous year expenditures.

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Total authorities used during the first six months of fiscal 2018-19 (\$403.8 million) represent 49 per cent of total available authorities (\$818.9 million).

### Quarterly spending

The total authorities used during the second quarter of 2018-19 amounted to \$224.5 million (27.4 per cent of the total available authorities; 27.5 per cent of total authorities for grant and scholarship programs; and 25.1 per cent of total authorities for operating expenditures and employee benefits).

#### Budgetary expenditures used during the second quarter

(millions of dollars)

	2018-19	2017-18	Variance
<b>Vote 1 - Operating expenditures</b>			
Personnel	7.5	5.0	2.5
Non-personnel	0.8	0.9	(0.1)
<b>Vote 5 - Grants and scholarships</b>	216.2	194.3	21.9
<b>Total budgetary expenditures</b>	<b>224.5</b>	<b>200.2</b>	<b>24.3</b>

### Grants and scholarships

Transfer payments represent 96 per cent of SSHRC's available authorities. Variations occur in transfer payment expenditures between quarters due to the nature of program cycles. During the second quarter of 2018-19, SSHRC's transfer payment expenditures have increased by \$21.9 million compared with the same quarter of the previous fiscal year. The increase in expenditures is in proportion with the increase in budget for 2018-19 in comparison to 2017-18.

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**Operating expenditures**

The personnel expenditures have increased by \$2.5 million compared to the same period in 2017-18. This increase is mainly due to the payment of retroactive salary and the economic increase resulting from the renewed collective agreements approved during the second quarter of fiscal 2018-19.

The non-personnel expenditures are in line with the same period in the previous fiscal year.

**3. Risks and uncertainties**

Through the corporate risk identification exercise, SSHRC annually identifies and assesses corporate level risks and develops response measures to minimize their likelihood and/or impact. Senior management closely follows the risks below to ensure they are continuously mitigated and that the residual risk level is acceptable.

**Strategic risk 1- Ability to manage resources:**

SSHRC's ability to deliver results is influenced by internal and external elements and opportunities, such as the grants management system development, the integration of and support to the newly created [Canada Research Coordinating Committee](#) (CRCC) and the government's implementation of key actions emerging from Canada's Fundamental Science Review and the Indigenous Research Strategy. SSHRC uses its corporate governance structures and relies on key planning documents, such as the strategic plan and the Departmental Results Framework, to ensure strong oversight of SSHRC's achievement of results. The substantial increase in SSHRC grants dollars announced in Budget 2018 creates an opportunity to demonstrate how SSHRC can efficiently deliver on crucial and fundamental themes for the benefit of a strong research ecosystem.

**Strategic risk 2- Ability to manage change:**

Planned activities in support of SSHRC objectives are vulnerable to the management of change. SSHRC has a number of key commitments for 2018-19, including new technologies, evolving tri-agency governance structures, new collaborations and partnerships, new program directions, new government priorities and new members of SSHRC's governing council. To ensure successful completion and minimize unintended impacts on other projects and on operations, SSHRC continues to implement the People Strategy, the Performance Management Program, and other strategies to help ensure the appropriate development of employees in a changing work environment. In addition, SSHRC includes a change management component in most major projects.

**Strategic Risk 3- Ability to meet external stakeholder expectations:**

Management of stakeholder relations is a critical driver of SSHRC's success. To ensure effective management of diverse stakeholder relationships, SSHRC created the SSHRC Leaders, a group of institutional representatives. SSHRC Leaders provide an ongoing channel of communication between their institutions and SSHRC. The initiative helps all parties stay informed of developing issues, and mitigates the risk of misalignment with stakeholders' priorities and values.

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In addition, the [open letter to CRCC members](#) highlighted the need to improve and increase coordination between all players in the research ecosystem. To address this, SSHRC has participated in the preliminary analysis of business processes to identify areas for harmonization and shared systems between itself and the Canadian Institutes of Health Research and the Natural Sciences and Engineering Research Council of Canada (the agencies). A main objective of these analyses is to lead the agencies to a shared, harmonized grants management system.

Read more about [SSHRC's key strategic risks](#) for the current year.

#### **4. Significant changes related to operations, personnel and programs**

In Budget 2018, the Government of Canada announced historic new investments in science, technology and innovation, including more than \$1.7 billion over five years to support the next generation of Canadian researchers through Canada's granting agencies and research institutes. SSHRC funding announced in the federal budget entails:

- \$215.5 million over five years (\$54.8 million per year ongoing) to support fundamental research;
- \$275.0 million over five years (\$65.0 million per year ongoing) to a new tri-agency fund, to support international, interdisciplinary, fast-breaking and high-risk research. SSHRC will administer the fund on behalf of the agencies;
- \$231.3 million over five years (\$58.8 million per year ongoing) to the Research Support Fund, which SSHRC administers on behalf of the agencies, to ensure that researchers are provided with the necessary space and support at postsecondary institutions to undertake high-quality, multidisciplinary research;
- \$46.0 million over five years for the Canada Research Chairs Program; and
- \$3.8 million to develop a strategic plan that identifies new ways of doing research with Indigenous communities, including strategies to grow the capacity of Indigenous communities to conduct research and partner with the broader research community.

Over the course of the coming quarter, SSHRC will secure the required spending authorities from the Budget 2018 commitments.

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Approved by:

Original signed by

**Ted Hewitt, PhD  
President, SSHRC**

**Ottawa, Canada  
November 29, 2018**

Original signed by

**Patricia Sauvé-McCuan  
Vice-President and Chief  
Financial Officer, SSHRC**

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**5. Statement of authorities (unaudited)**

*(in thousands of dollars)*

	Fiscal year 2018-19			Fiscal year 2017-18		
	Total available for use for the year ending March 31, 2019*	Used during the quarter ended September 30, 2018	Year-to-date used at quarter- end	Total available for use for the year ending March 31, 2018*	Used during the quarter ended September 30, 2017	Year-to-date used at quarter-end
Vote 1—Net Operating Expenditures	30,072	7,581	13,245	25,951	5,297	10,700
Vote 5—Grants and Scholarships	785,708	216,211	389,072	751,815	194,284	376,432
Budgetary Statutory Authorities						
Contributions to the employee benefit plan	3,043	734	1,467	2,566	641	1,283
Spending of revenues pursuant to subsection 4 (2) of the <i>Social Sciences and Humanities Research Council Act</i>	95	-	-	95	-	-
<b>Total Budgetary Authorities</b>	<b>818,918</b>	<b>224,526</b>	<b>403,784</b>	<b>780,427</b>	<b>200,222</b>	<b>388,415</b>

\* 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 2018-19			Fiscal year 2017-18		
	Planned expenditures for the year ending March 31, 2019	Expended during the quarter ended September 30, 2018	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2018	Expended during the quarter ended September 30, 2017	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
<b><u>Expenditures</u></b>						
Personnel	23,986	7,542	13,130	19,775	5,025	10,218
Transportation and communications	1,647	131	345	1,538	156	292
Information	1,466	112	227	1,353	77	227
Professional and special services	4,414	438	692	3,383	564	863
Rentals	935	63	243	752	61	262
Repair and maintenance	92	20	21	141	9	28
Utilities, materials and supplies	91	1	33	106	(6)	26
Acquisition of machinery and equipment	545	8	21	1,564	52	67
Other subsidies and payments	34	-	-	-	-	-
Transfer payments	785,708	216,211	389,072	751,815	194,284	376,432
<b>Total Budgetary Expenditures</b>	<b>818,918</b>	<b>224,526</b>	<b>403,784</b>	<b>780,427</b>	<b>200,222</b>	<b>388,415</b>