

**Social Sciences and Humanities Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended June 30, 2017**

## **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 2017-18 [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**

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 for fiscal year 2017-18. 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.

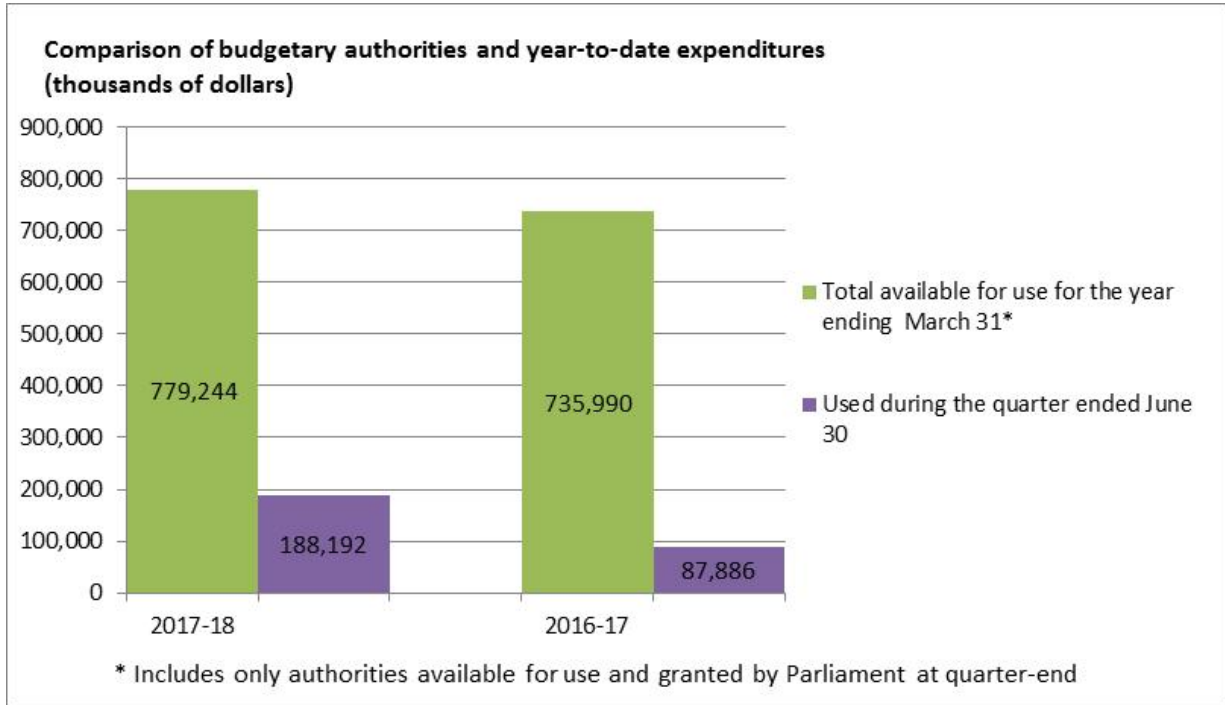
### **2. Highlights of fiscal quarter and fiscal year-to-date results**

This QFR reflects the results of the current fiscal period in relation to the 2017-18 Main Estimates.

Sections 2.1 and 2.2 below highlight the significant items that contributed to the net increase in resources available from fiscal year 2016-17 to fiscal year 2017-18 and the actual expenditures as at June 30, 2017, and June 30, 2016.

**Social Sciences and Humanities Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended June 30, 2017**

The following graph provides a comparison of budgetary authorities available for the full fiscal year and budgetary expenditures for the first three months of fiscal year 2017-18 and fiscal year 2016-17.



**2.1 Significant changes to budgetary authorities**

As of June 30, 2017, SSHRC’s total available authorities for 2017-18 amounted to \$779.2 million. To date, for 2017-18, total authorities have increased by \$43.3 million over the previous year at June 30. The major changes in SSHRC’s budgetary authorities between the current and previous fiscal years include:

- an increase of \$19.0 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 2016);
- a \$14.7 million increase to support investigator-led discovery research in the social sciences and humanities (Budget 2016);
- an increase of \$11.0 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;
- a reduction of \$1.1 million in funding for the Centres of Excellence for Commercialization and Research, which supports the development of commercially promising technologies and promotes the transfer of knowledge and technologies to Canadian companies for commercialization;
- a reduction of \$0.2 million in funding for the Networks of Centres of Excellence, which helps to harness the creativity of the best minds in various disciplines and sectors to find solutions for important issues to Canada.

**Social Sciences and Humanities Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended June 30, 2017**

**2.2 Significant changes to authorities used**

**Year-to-date spending**

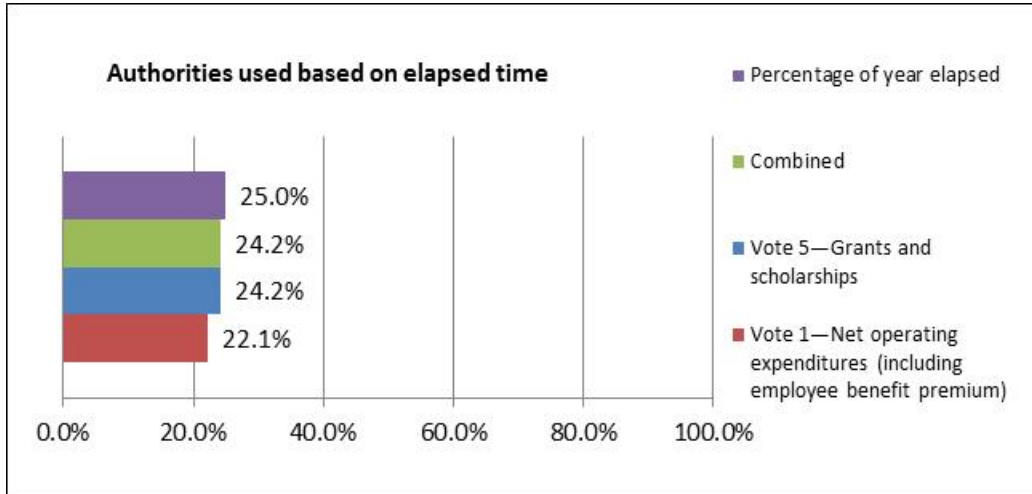
The following table provides a comparison of cumulative spending by vote for the current and previous fiscal years.

**Year-to-date budgetary expenditures used at quarter-end**

(millions of dollars)

	2017-18	2016-17	Variance
<b>Vote 1—Operating expenditures</b>			
Personnel	5.2	5.3	(0.1)
Non-personnel	0.9	0.9	-
<b>Vote 5—Grants and Scholarships</b>	182.1	81.7	100.4
<b>Total budgetary expenditures</b>	<b>188.2</b>	<b>87.9</b>	<b>100.3</b>

Total authorities used cumulatively during the first three months of fiscal year 2017-18 represented \$188.2 million (24.2% of the available authorities).



*Grants and Scholarships*

At the end of the first quarter in 2017-18, the grants and scholarships expenses increased by **\$100.4 million** compared to the previous fiscal year. The increase is mainly due to payments made prior to June 30 in 2017-18 compared to after June 30 in 2016-17. The timing differences are mainly related to the following:

- Research Support Fund (\$93.1 million increase);
- SSHRC Institutional Grants (\$2.6 million increase);
- Canada Graduate Scholarships Masters (\$2.0 million decrease); and
- Partnership Grants (\$1.2 million decrease).

This timing variance will be offset by year-end.

**Social Sciences and Humanities Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended June 30, 2017**

*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 69% of available operating authorities and planned operating expenditures for fiscal year 2017-18). The personnel expenditures for the first quarter of fiscal year 2017-18 are in line with the same period of the previous year.

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 three months of fiscal year 2017-18 are consistent with the comparative period of 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**

**Information technology:** SSHRC's information infrastructure may limit its ability to implement changes required to programs and program delivery in a timely manner.

**Social Sciences and Humanities Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended June 30, 2017**

- Risk response: An assessment of the state of SSHRC's legacy systems was completed in December 2016. The report presented 13 recommendations, 10 of which will be implemented in 2017-18.

**Information management:** SSHRC's information infrastructure may not be optimal to meet the needs of the organization to track and report on results.

- Risk response: SSHRC will, in partnership with the Natural Sciences and Engineering Research Council of Canada, develop an information management strategy. SSHRC will strengthen its corporate data management, identifying areas of need to move toward information management maturity.

**Planning and priority setting:** The organization may limit its ability to deliver on all priorities and respond to pressures from external influences in a timely manner.

- Risk response: SSHRC will make use of its corporate governance structures and rely on key planning documents, such as the strategic plan, to ensure strong governance for and oversight of SSHRC's planning and achievement of results.

#### **4. Significant Changes Related to Operations, Personnel and Programs**

As in previous years, a number of changes relate to operations, personnel and programs. [Budget 2017](#) included \$117.6 million over eight years for approximately 25 Canada 150 Research Chairs. The program will be delivered through SSHRC's Tri-agency Institutional Programs Secretariat, in collaboration with, and on behalf of, the three federal research funding agencies.

Original signed by:

**Ted Hewitt, PhD**  
**President, SSHRC**

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

**Ottawa, Canada**  
**August 28, 2017**

**Social Sciences and Humanities Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended June 30, 2017**

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

	Fiscal year 2017-18			Fiscal year 2016-17		
	Total available for use for the year ending March 31, 2018*	Used during the quarter ended June 30, 2017	Year-to-date used at quarter- end	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
<i>(in thousands of dollars)</i>						
Vote 1—Net operating expenditures	24,768	5,403	5,403	24,148	5,464	5,464
Vote 5 — Grants and scholarships	751,815	182,148	182,148	708,996	81,743	81,743
Budgetary statutory authorities						
Contributions to the employee benefit plan	2,566	641	641	2,751	679	679
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>779,244</b>	<b>188,192</b>	<b>188,192</b>	<b>735,990</b>	<b>87,886</b>	<b>87,886</b>

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

**Social Sciences and Humanities Research Council of Canada**  
**Quarterly Financial Report**  
**For the Quarter Ended June 30, 2017**

**6. Departmental budgetary expenditures by standard object (unaudited)**

*(in thousands of dollars)*

	Fiscal year 2017-18			Fiscal year 2016-17		
	Planned expenditures for the year ending March 31, 2018	Expended during the quarter ended June 30, 2017	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2017	Expended during the quarter ended June 30, 2016	Year-to-date used at quarter-end
<b><u>Expenditures</u></b>						
Personnel	18,959	5,193	5,193	18,764	5,262	5,262
Transportation and communications	1,474	135	135	1,193	171	171
Information	1,297	150	150	1,199	40	40
Professional and special services	3,243	298	298	3,764	380	380
Rentals	720	201	201	1,290	233	233
Repair and maintenance	135	19	19	96	21	21
Utilities, materials and supplies	101	32	32	109	27	27
Acquisition of machinery and equipment	1,500	16	16	579	9	9
Transfer payments	751,815	182,148	182,148	708,996	81,743	81,743
<b>Total budgetary expenditures</b>	<b>779,244</b>	<b>188,192</b>	<b>188,192</b>	<b>735,990</b>	<b>87,886</b>	<b>87,886</b>