

Social Sciences and Humanities Research Council of Canada
Quarterly Financial Report
for the Quarter Ended December 31, 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*. SSHRC 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 about 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 year 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 money can be spent by the government. 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.

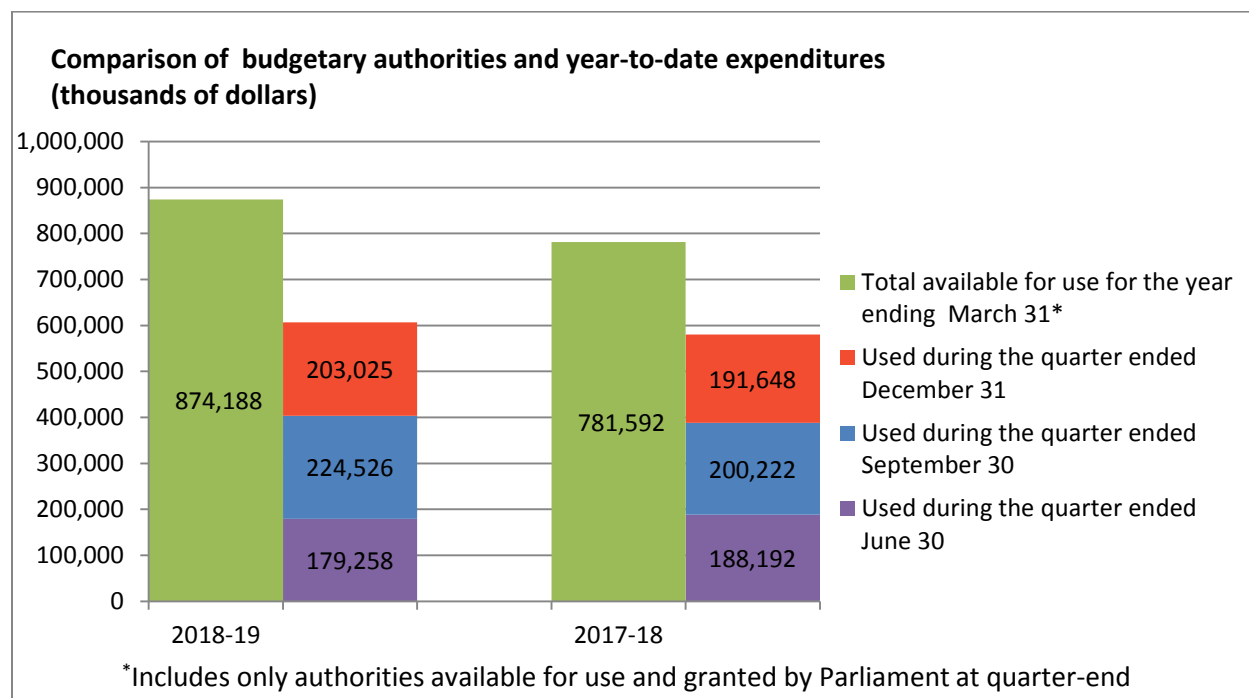
2. HIGHLIGHTS OF FISCAL QUARTER AND FISCAL YEAR-TO-DATE RESULTS

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.

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The total available authorities are comprised of the 2018-19 [Main Estimates](#), the Supplementary Estimates (A), the operating budget carry-forward and other approved items by the Treasury Board as of December 31, 2018.

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



2.1 Significant changes to budgetary authorities

As of December 31, 2018, SSHRC's total available authorities for fiscal 2018-19 totalled \$874.2 million. This represents an overall increase of \$92.6 million (11.8 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 \$28.8 million from Budget 2018 to support the Research Support Fund program;
- an increase of \$27.0 million from Budget 2018 to support investigator-led research;
- an increase of \$20.7 million from Budget 2018 for the new Tri-Agency Fund;
- an increase of \$5.5 million for the Canada First Research Excellence Fund;
- an increase of \$4.3 million from Budget 2018 to support the Canada Research Chairs program;
- an increase of \$3.6 million from Budget 2018 to support Indigenous research capacity;
- an increase of \$3.3 million for the Canada 150 Research Chairs; and
- a decrease of \$0.6 million for other budgetary adjustments.

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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)

	<u>2018-19</u>	<u>2017-18</u>	<u>Variance</u>
Vote 1 - Operating expenditures			
Personnel	19.3	16.0	3.3
Non-personnel	3.4	2.9	0.5
Vote 5 - Grants and scholarships	<u>584.1</u>	<u>561.1</u>	<u>23.0</u>
Total budgetary expenditures	606.8	580.0	26.8

Total budgetary expenditures amounted to \$606.8 million at the end of the third quarter of fiscal 2018-19, compared to \$580.0 million reported in the same period of the previous fiscal year.

Grants and scholarships

At the end of the third quarter of 2018-19, the grant and scholarship expenses increased by \$23.0 million, compared to what was reported in the same period of the previous fiscal year. The differences are attributable to the following:

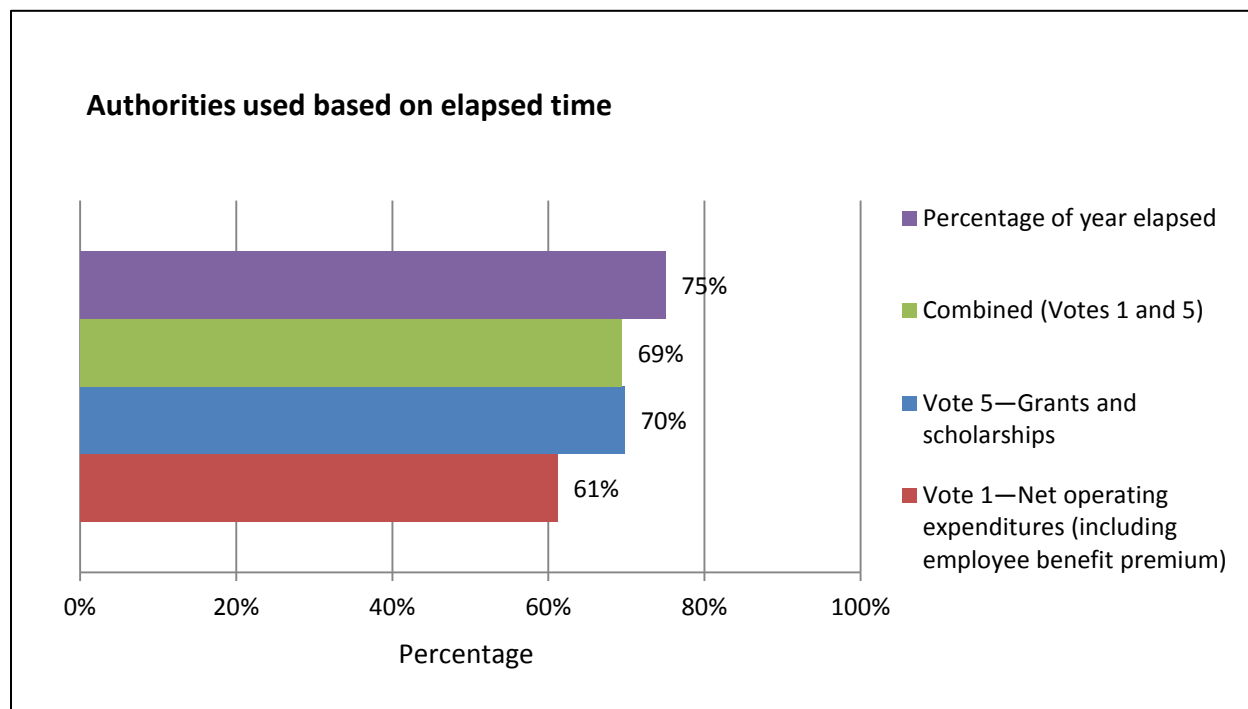
- an increase of \$10.3 million in investigator-led research, as announced in Budget 2018;
- an increase of \$7.4 million for the Canada First Research Excellence Fund due to expanded program authorities and timing differences;
- an increase of \$4.5 million for Indigenous research capacity announced in Budget 2018; and
- a net increase of \$0.8 million due to timing differences on payments.

Operating expenditures

Personnel expenditures have increased by \$3.3 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 salaries and the economic increase resulting from the renewed collective agreements approved during the second quarter of fiscal year 2018-19.

Total non-personnel expenditures have increased by \$0.5 million (16 per cent), mainly due to increased spending in professional services and acquisition of office equipment, computers and mobile phones related to the increased number of employees.

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Total authorities used during the first nine months of fiscal 2018-19 (\$606.8 million) represent 69 per cent of total available authorities (\$874.2 million).

Quarterly spending

The total authorities used during the third quarter of 2018-19 amounted to \$203.0 million (23.2 per cent of the total available authorities; 23.3 per cent of total authorities for grant and scholarship programs; and 21.6 per cent of total authorities for operating expenditures and employee benefits).

Budgetary expenditures used during the third quarter (millions of dollars)

	2018-19	2017-18	Variance
Vote 1 - Operating expenditures			
Personnel	6.2	5.8	0.4
Non-personnel	1.8	1.2	0.6
Vote 5 - Grants and scholarships	195.0	184.7	10.3
Total budgetary expenditures	203.0	191.7	11.3

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 third quarter

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of 2018-19, SSHRC's transfer payment expenditures have increased by \$10.3 million compared with the same quarter of the previous fiscal year. The differences in specific programs from year to year are as follows:

- an increase of \$4.6 million for the Canada First Research Excellence Fund due to expanded program authorities and timing differences;
- an increase of \$4.5 million for Indigenous research capacity announced in Budget 2018; and
- a net increase of \$1.2 million due to timing differences on payments.

Operating expenditures

Personnel expenditures have increased by \$0.4 million compared with the same period in the previous fiscal year. The increase is mainly due to the economic increase resulting from the renewed collective agreements approved during the second quarter of 2018-19.

Non-personnel expenditures have increased by \$0.6 million (55 per cent), mainly due to increased spending, in professional services and acquisition of office equipment, computers and mobile phones related to the increased number of employees.

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

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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.

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 (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

SSHRC secured the required spending authorities to implement the Budget 2018 announcements.

In October, a chief executive was appointed to the Gateway Tri-Agency initiative, whose goal is to modernize the grants management platform.

Approved by:

Original signed by

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Patricia Sauvé-McCuan
Vice-President and
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Ottawa, Canada
March 1, 2019

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5. STATEMENT OF AUTHORITIES (UNAUDITED)

	Fiscal year 2018-19			Fiscal year 2017-18		
	Total available for use for the year ending March 31, 2019*	Used during the quarter ended December 31, 2018	Year-to-date used at quarter- end	Total available for use for the year ending March 31, 2018*	Used during the quarter ended December 31, 2017	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
Vote 1—Net Operating Expenditures	33,983	7,274	20,518	27,061	6,311	17,011
Vote 5—Grants and Scholarships	836,941	195,017	584,089	751,780	184,696	561,128
Budgetary Statutory Authorities						
Contributions to the employee benefit plan	3,169	734	2,201	2,656	641	1,924
Spending of revenues pursuant to subsection 4 (2) of the <i>Social Sciences and Humanities Research Council Act</i>	95	-	-	95	-	-
Total Budgetary Authorities	874,188	203,025	606,808	781,592	191,648	580,063

* 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 December 31, 2018	Year-to-date used at quarter-end	Planned expenditures for the year ending March 31, 2018	Expended during the quarter ended December 31, 2017	Year-to-date used at quarter-end
<i>(in thousands of dollars)</i>						
Expenditures						
Personnel	25,996	6,191	19,322	20,318	5,781	15,999
Transportation and communications	2,009	217	560	1,838	278	570
Information	1,788	290	517	1,485	179	406
Professional and special services	5,384	858	1,549	3,609	544	1,407
Rentals	1,141	193	436	751	67	330
Repair and maintenance	112	14	36	141	22	50
Utilities, materials and supplies	111	29	62	106	32	58
Acquisition of machinery and equipment	665	216	237	1,564	24	91
Other subsidies and payments	41	-	-	-	25	24
Transfer payments	836,941	195,017	584,089	751,780	184,696	561,128
Total Budgetary Expenditures	874,188	203,025	606,808	781,592	191,648	580,063