Shared Services Canada

2016–17

Departmental Results Report

The Honourable Carla Qualtrough, P.C., M.P.
Minister of Public Services and Procurement
and Minister responsible for Shared Services Canada

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Minister's message

As the new Minister responsible for Shared Services Canada (SSC), I am pleased to present our 2016–17 Departmental Results Report. This report provides detailed information on the important progress achieved by SSC in managing and helping to modernize the Government of Canada's information technology (IT) infrastructure.

The Government is committed to ensuring the IT systems that support the Government of Canada's operations and services are modern, secure and reliable. We are dedicated to providing our partners with the tools and support to do the job that needs to be done.

We live in an increasingly connected digital world and Canadians rightfully expect easy access to secure and reliable services anytime and anywhere.

The Government has an opportunity—and a responsibility—to meet these high expectations by making digital innovation a priority and by ensuring all Canadians can be full participants in the digital economy and experience its benefits first-hand.

The Government of Canada must ensure the digital services it offers online, such as tax filing, and applying for employment insurance or Canada Pension Plan benefits, are supported by a modern, secure and reliable IT digital platform.

In the pages of this report, you will find numerous examples of the many ways in which SSC plays a crucial role in supporting the operations of government departments and agencies, 24 hours per day, 365 days a year.

As recently appointed Minister responsible for SSC, I recognize and am proud of the important accomplishments achieved by SSC in 2016–2017. These include improving the delivery of IT services while renewing the Government's aging infrastructure, holding broad-based consultations to ensure SSC is delivering the right plan for building the Government's digital platform, improving the delivery of federal services to Canadians, and strengthening the cyber security of government IT systems. Additionally, SSC prepared for Wi-Fi services in France for the commemoration of the Battle of Vimy Ridge and initiated the expansion of the enterprise data centre at Borden, Ontario, to manage government systems and applications in a modern, safe and secure environment.

The year ahead will be marked by new challenges, along with opportunities for SSC to demonstrate its commitment to supporting a secure and reliable Government of Canada IT infrastructure. By maintaining and modernizing this IT capacity, SSC plays a pivotal role in enabling the Government of Canada to deliver programs and services that improve the lives of Canadians, their families and communities.

The Honourable Carla Qualtrough, P.C., M.P.
Minister of Public Services and Procurement and
Minister responsible for Shared Services Canada

Results at a glance

SSC's total actual spending for 2016–2017: $1,681,369,737	SSC's total actual full-time equivalents for 2016–2017: 5,596

The key results achieved in 2016–2017 by SSC:

1. SSC continued to improve service to its customer departments and reduce their business risks. Notable achievements were:
   - exceeding SSC's 2016–2017 target for customer service satisfaction;
   - expanding SSC's service catalogue to include service standards for all of SSC's services and launching regular performance reporting;
   - creating a new Service Delivery and Management Branch as a focal point for implementing SSC's "service-first" approach;
   - supporting the 2016 Census allowing record numbers of Canadians to complete their responses online;
   - initiating the expansion of the enterprise data centre in Borden, Ontario to improve the storage, processing and protection of Government of Canada data;
   - launching the upgrade and replacement of thousands of out-of-date IT components using Budget 2016 funding to reduce operational risk; and
   - installing over 109,000 desktop phones using cost effective Voice over Internet Protocol technology and connecting 43 departments to a common videoconferencing system to improve productivity and reduce travel expenses.

2. In fall 2016, SSC completed broad-based consultations on plans for improving IT services, receiving more than 2,500 submissions from government employees, industry, private sector experts and Canadians. Along with recommendations from the Auditor General, parliamentary committees and an independent private sector panel, this input is being used to update plans for modernizing the Government of Canada IT infrastructure.

3. SSC continued to strengthen the security of the Government of Canada's IT infrastructure to ensure the Government can better defend its networks and systems from cyber threats, malicious software and unauthorized access. Of note, SSC took action to protect Canadians' information when faced with a problem caused by a version of Apache software.

4. SSC supported Canadians by connecting thousands at the Vimy Ridge celebrations through Wi-Fi services, and by supporting public safety operations during the Fort McMurray fires.

For more information on the department's plans, priorities and results achieved, see the "Results: what we achieved" section of this report.

Raison d'être, mandate and role: who we are and what we do

Raison d'être

SSC was created on August 4, 2011 to transform how the Government of Canada manages its IT infrastructure. SSC is delivering email, data centre, network and workplace technology device services to departments and agencies in a consolidated and standardized manner to support the delivery of Government of Canada programs and services. With a whole-of-government approach to IT infrastructure services, SSC is creating economies of scale to deliver more efficient, reliable and secure IT infrastructure services. SSC also provides certain optional technology services to other organizations on a cost-recovery basis.

The Minister of Public Services and Procurement is responsible for this organization.

Mandate and role

SSC reports to Parliament through the Minister of Public Services and Procurement. By bringing together people, IT resources and assets from 42[1] federal departments and agencies, SSC works to manage and improve the efficiency, reliability, and security of the Government's IT platform for the delivery of digital services to Canadians. Using technology more efficiently will increase productivity across departments and support the vision of a 21st-century public service, as stated in Blueprint 2020.

In carrying out its mandate, SSC is working in partnership with key public- and private-sector stakeholders to implement enterprise-wide approaches for managing IT infrastructure services through effective and efficient business management processes.

A full explanation of SSC's main legislative authorities and responsibilities can be found in the *Shared Services Canada Act.*

For more general information about the Department, see the "Supplementary information" section of this report. For more information on the department's organizational mandate letter commitments, see the Minister's mandate letter.[i]

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[1] The number of SSC's partner departments went from 43 to 42 because the Canadian International Development Agency and Foreign Affairs and International Trade Canada amalgamated to create Global Affairs Canada.

Operating context and key risks

Operating context

The scale and scope of SSC's mandate to simultaneously maintain IT operations and modernize the government's IT infrastructure is ambitious compared to similar initiatives in other public sector jurisdictions around the world. Success depends on several external and internal factors, including industry's ability to supply the required solutions, SSC's capacity to deliver services and projects, and SSC's customers' readiness to transition to the new infrastructure, while also delivering on their own mandates and departmental priorities.

SSC has not made as much progress as initially expected in consolidating and modernizing the government's IT infrastructure. The root cause of most of SSC's challenges can be traced to its operating environment when it was created as a new department in 2011. There was limited standardization among IT assets and services inherited by SSC, and no asset baseline or inventory to serve as a basis for service level agreements. Furthermore, the quantity and complexity of IT assets to be transferred to SSC was underestimated.

In 2011, SSC's financial resources were provided through a one-time transfer. Costs associated with the evergreening of infrastructure were not completely accounted for, and there was no mechanism to cover fluctuating costs and few incentives to control demand growth. As a result, SSC has had limited funding to invest in modernization projects, in staff training and recruitment, or in enterprise tools and processes. SSC has had to fund its projects by diverting funds away from the evergreening of aging IT assets (which usually need to be replaced every 5–7 years) and allowing maintenance contracts to lapse. In essence, SSC has had to apply a "break-fix" approach to maintaining legacy infrastructure.

> **Evergreening:** The practice of replacing technology and computing devices on a scheduled plan to proactively maintain continuity of services.
>
> **Break-Fix:** The practice of using equipment until it breaks down at which time it is either repaired and returned or replaced.

To help mitigate some of the risks noted above, Budget 2016 provided SSC with the following investments:

- $383.8 million over two years to stabilize critical systems in data centres, networks and storage units; and
- $77.4 million over five years to strengthen cyber security and ensure better protection of government networks and systems against various threats.

In 2016, SSC also launched an extensive review to ensure its plan to consolidate and modernize federal government IT infrastructure is sustainable, practical and aligned with industry best practices and capacity. This included broad-based consultations with government employees, the IT industry, its customer organizations and Canadians, as well as an independent external review

commissioned by the Treasury Board of Canada Secretariat. In 2017–2018, SSC will begin to implement revised plans that reflect feedback from these stakeholders.

Key risks

SSC faces significant operational risks in providing modern, reliable, secure, timely, and cost-effective IT infrastructure to partner organizations.

Adequate resource capacity continues to represent a key risk for the organization. An engaged employee base with specialized skill sets and sustainable, reliable funding are required to maintain and modernize Government of Canada IT infrastructure services. A lack of sufficient resources could result in unforeseen expenses, skills shortages, potential service disruptions, and delays in modernizing IT infrastructure.

As IT systems age, issues emerge with technological compatibility, obsolescence and reliability. Old IT systems may fail and result in a disruption of services. Such a situation may also result in unforeseen or increased costs, as well as a loss of confidence among customer departments and Canadians.

Cyber and IT security breaches pose an ongoing threat to Government of Canada infrastructure and government-held information. These breaches can occur as a result of intentional and non-intentional actions by insiders as well as external parties. This risk could result in potential disruptions to services and loss of information integrity.

Government-wide planning, project management practices and governance are still maturing. In the meantime, the lack of adequate agreements and service management tools have delayed the adoption of IT services at the enterprise-level, could interrupt service delivery and perpetuates poor allocation of resources.

SSC needs information to create timely reports with clear and measurable results for its programs and initiatives. The Department has begun building data management processes and governance structures to ensure data quality and integrity. Failure to continue this work may result in inaccurate or incomplete reporting to senior management and external bodies, delays in reporting information, unaligned activities across the organization based on discrepancies in information, and the development of future plans and activities based on faulty assumptions.

The potential impacts of unmanaged risks for the Government of Canada are wide-ranging. As IT risks are shared across organizations, SSC is adopting an enterprise approach to IT risk management. In 2016, SSC introduced its first Enterprise IT Risk Analysis report which identified the common IT-related risks across customer organizations. SSC continues to work with customer organizations to analyze their IT risks and leverage opportunities to help reduce impact.

Key risks

Risks	Mitigating strategy and effectiveness	Link to the Department's Programs	Link to mandate letter commitments or to government-wide and departmental priorities
Financial Management and Sustainability (Ongoing Risk) There is a risk that SSC will not have the financial resources, systems and funding mechanisms in place to maintain mission-critical systems and fund the Transformation Plan.	SSC will promote effective financial management practices and financial sustainability by: • implementing appropriate costing frameworks; • developing pricing strategies for all SSC services; and • refining budgeting and resource allocation processes in support of business planning. Effectiveness of strategies The Costing Framework and Pricing Tool accurately identified the resources needed to deliver on SSC's plans. Work was carried out to refine some of the resource allocation processes. For example, activities and projects were prioritized and subsequently received funding. Therefore, some of the risk that SSC does not have the financial resources allocated to mission-critical priorities was mitigated. More work will be carried out in 2017–2018 to refine the resource allocation process.	Internal Services	Departmental Priority #4: Increase the efficiency and effectiveness of internal services. From the Ministerial Mandate Letter of Judy M. Foote, Minister Responsible for Shared Services Canada: "As Minister of Public Services and Procurement, your overarching goal will be to . . . ensure that the government's internal services are held to an equally high standard [of efficiency, that makes Canadians feel respected and valued]." From the Ministerial Mandate Letter of (to or from) Scott Brison, President of the Treasury Board: "Strengthen the oversight of taxpayer dollars and the clarity and consistency of financial reporting."

Risks	Mitigating strategy and effectiveness	Link to the Department's Programs	Link to mandate letter commitments or to government-wide and departmental priorities
Cyber and IT Security (Ongoing Risk) There is a risk that SSC will be unable to effectively respond to cyber and IT security threats, resulting in government-held information being compromised and/or impeding disaster recovery activities to restore services to partners, customers and Canadians.	SSC will augment cyber and IT security practices by: • establishing an assurance function to monitor and report on compliance with security standards and practices; • standardizing cyber and IT security services in alignment with Government of Canada policies; • developing the plan for the delivery of the Government of Canada's Secret-level infrastructure; and • developing formal procedures to coordinate security of current shared IT infrastructure. Effectiveness of strategies SSC produces a quarterly compliance report to evaluate monitoring and compliance with security standards and practices. Cyber and IT security services offered in SSC's Service Catalogue have been streamlined. Two services have been developed in support of a secret infrastructure for sensitive information. Security incidents are monitored regularly with partners. SSC delivered network infrastructure for the Privy Council Office that facilitates the electronic distribution of classified Cabinet documents.	Cyber and IT Security	Departmental Priority #3: Secure the Government of Canada's data and technology assets. From Budget 2016: The government will ". . . implement new measures to improve the security of government networks and information technology systems. These measures will ensure that the government can better defend its networks and systems from cyber threats, malicious software and unauthorized access."

Risks	Mitigating strategy and effectiveness	Link to the Department's Programs	Link to mandate letter commitments or to government-wide and departmental priorities
Availability and Quality of Information **(Ongoing Risk)** There is a risk that a lack of availability and integrity of information will impede effective planning and decision-making, impacting the achievement of the Department's objectives.	SSC will ensure the availability and quality of information used in decision-making by: • implementing an enterprise business intelligence platform; • continuing to develop and standardize internal departmental policies, processes and monitoring reports; and • developing an analytics capability through a benefit realization framework. Effectiveness of strategies Incremental improvements in departmental policy, planning, reporting and oversight activities, as well as the creation of an enterprise business intelligence platform and business analytics capability, will increasingly reduce this risk.	Internal Services	Departmental Priority #4: Increase the efficiency and effectiveness of internal services. From the Ministerial Mandate Letter of Judy M. Foote, Minister Responsible for Shared Services Canada: "As Minister of Public Services and Procurement, your overarching goal will be to . . . ensure that the government's internal services are held to an equally high standard [of efficiency, that makes Canadians feel respected and valued]."

Risks	Mitigating strategy and effectiveness	Link to the Department's Programs	Link to mandate letter commitments or to government-wide and departmental priorities
Human Resources (Ongoing Risk) There is a risk that SSC will be unable to invest in, recruit, mobilize and retain a workforce with the right skills and capacity to support current, transitional and future business needs.	SSC will help ensure a workforce with the right skills and capacity by: • establishing a departmental learning and development plan; • developing a workforce plan, including a resourcing strategy that reflects SSC's current and future needs and gaps; • developing a mobility framework to facilitate the realignment of resources to support transformation; • launching a mobility centre for employees; and • implementing a classification action plan to finalize the organizational design and classification of all SSC positions. <u>Effectiveness of strategies</u> SSC conducted a comprehensive analysis to identify the range of learning priorities across the Department. Training targeted toward these priorities will increase the skills and retention of SSC's workforce. Various plans highlight SSC's workforce gaps, trends, requirements and areas of critical growth. This awareness helps focus recruitment priorities. SSC has launched a "mobility centre" to help employees pursue professional development opportunities. SSC has developed a classification action plan to create an agile organizational structure.	Internal Services	Departmental Priority #4: Increase the efficiency and effectiveness of internal services.

Risks	Mitigating strategy and effectiveness	Link to the Department's Programs	Link to mandate letter commitments or to government-wide and departmental priorities
Service Delivery and Partnership Collaboration (Ongoing Risk) There is a risk that inadequate communication and collaboration and a lack of defined roles and responsibilities between SSC and its partner and customer organizations will compromise service delivery and implementation of the Government of Canada IT infrastructure transformation.	SSC will promote communication, collaboration and an understanding of roles and responsibilities with partner and customer organizations by: • implementing a customer satisfaction assessment framework and program; • expanding the *Serving Government* website for partner and customer organizations; • updating the business arrangement framework to delineate roles, responsibilities, performance targets and reporting requirements; and • implementing a multi-year Service Management Strategy and comprehensive Service Catalogue, including information on Service Level Expectations and pricing for each of SSC's customer-facing services. <ins>Effectiveness of strategies</ins> The results of SSC's monthly customer satisfaction survey have steadily improved and SSC successfully exceeded its 2016–2017 customer satisfaction target. In addition, SSC has improved its Service Catalogue by: • publishing Service Level Expectations for all services; • adding pricing information where available; • creating a Service Catalogue Evolution Plan; and • establishing a catalogue management process.	Program Management	Departmental Priority #1: Improve the delivery of IT infrastructure services.

Results: what we achieved

Programs

Program name: IT Infrastructure Services

Description

This program delivers IT infrastructure services to federal government departments to enable and support the management, coordination and digital delivery of programs to Canadians, to achieve Government of Canada priorities. The IT infrastructure services consist of four main IT service groups: (a) Distributed Computing, (b) Production and Operations Computing (Data Centres), (c) Telecommunications (Data, Voice and Video), and (d) Cyber and IT Security. This program establishes a centralized common IT infrastructure service leading to consolidation and standardization in the management and delivery of IT services across mandated partner and customer organizations. This consolidation and standardization of services contributes to greater operational efficiencies and economies of scale, resulting in better value to Canadian taxpayers, enhanced reliability and security of the IT services, a reduction in the duplication of effort and managerial oversight, and the development of a harmonized response to partner and customer organizations' business requirements.

Results

In 2016–2017, SSC continued to maintain and improve the delivery of IT services while renewing the government's aging infrastructure.

SSC has adopted a "service first" management and program-delivery approach to become a customer-centred IT service provider. In 2016–2017, SSC established a Service Management Strategy and implemented service-management processes and tools, such as service-level expectations for each of the IT services SSC delivers. These strategies and tools are supported by account management teams who deal directly with partner departments for improved customer experience. To monitor its progress, SSC launched a customer satisfaction survey in late 2015. On a five-point scale, the monthly survey measures customers' satisfaction with SSC services on factors such as timeliness, process improvements and engagement experience. Departmental satisfaction levels have increased slowly but steadily throughout 2016–2017 (from a score of 2.79 in December 2015 to 3.06 in December 2016, and 3.20 in March 2017).

The 2016 Budget allowed SSC to make $384 million to upgrades for mission-critical IT systems in 2016–2017 and 2017–2018. SSC has procured most of the new equipment and is working with its customer departments to replace the old equipment as quickly as possible without disrupting government operations and services. The urgent need to replace these aging IT components is underscored by last year's increase in critical system outages—from 257 incidents in 2015–2016 to 359 in 2016–2017. This increase is the direct result of the

continued aging of the government's IT infrastructure. At the same time, improvements in SSC's service management processes have increased its visibility across the government's IT infrastructure, resulting in the identification of a higher number of incidents. SSC has also improved the classification and recording of incident information, which has also led to the identification of more critical incidents.

In early 2016–2017, SSC launched an extensive update to its plan to consolidate and modernize Government of Canada IT infrastructure to ensure it is sustainable, practical and aligned to industry best practices and capacity. To ensure an independent and external perspective, the President of the Treasury Board was mandated to lead an Independent Review[2] of the IT Infrastructure Plan to describe how to organize large-scale IT infrastructure and to assess SSC's management of legacy IT and its plan for modernization. The review confirmed that "shared services remains the correct approach for the Government of Canada to manage its IT infrastructure" and that this is the "largest and most complex public-sector shared service implementation ever considered." SSC also consulted with government employees, the IT industry, its customer organizations and Canadians to gather diverse views on its plan for IT modernization. Consultations were conducted between September and November 2016. More than 2,500 submissions were received with suggestions for improving IT service delivery, project management and IT security. The results of the consultations, combined with recommendations from the Auditor General[3], the Standing Committee on Public Accounts, and the Independent Review will be used to revise plans to modernize the Government of Canada's IT infrastructure.

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[2]   June 1, 2017, the Treasury Board of Canada Secretariat has released the Gartner Report: Shared Services Canada Resource Alignment Review.

[3]   June 1, 2016, the House of Commons Standing Committee on Public Accounts (PACP) tabled the report, Report 4, Information Technology Shared Services, of the Fall 2015 Reports of the Auditor General of Canada

Results achieved

Expected results	Performance indicators	Target	Date to achieve target	2016–2017 Actual results	2015–2016 Actual results	2014–2015 Actual results
Ability to anticipate and respond to partner and customer IT business requirements	Average rating provided in response to the Customer Satisfaction Questionnaire (five-point scale)	3/5	March 31, 2017	3.06	Target set as 3/5* average rating provided in response to the Customer Satisfaction Questionnaire (five-point scale)	SSC has begun to collect partner satisfaction data
Partner and customer organizations receive reliable IT services	Total # of critical incidents	No increase over the previous fiscal year	March 31, 2017	359	257	N/A

*SSC will review its target rating each year as service improvements are implemented.

Budgetary financial resources (dollars)

2016–2017 Main Estimates	2016–2017 Planned spending	2016–2017 Total authorities available for use	2016–2017 Actual spending (authorities used)	2016–2017 Difference (actual minus planned)
1,391,487,244	1,392,864,369	1,736,562,231	1,530,614,758	137,750,389

Human resources (full-time equivalents)

2016–2017 Planned	2016–2017 Actual	2016–2017 Difference (actual minus planned)
5,055	4,689	(366)

Information on Shared Services Canada's lower-level programs is available on the Shared Services Canada website and in the TBS InfoBase.[ii]

Internal Services

Description

Internal Services are groups of related activities and resources that the federal government considers to be services in support of programs and/or required to meet corporate obligations of an organization. Internal Services refers to the activities and resources of the 10 distinct service categories that support program delivery in the organization, regardless of the Internal Services delivery model in a department. The 10 service categories are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; IT Services; Real Property Services; Materiel Services; and Acquisition Services.

Results

In fall 2016, SSC created Project Management and Delivery Branch, a dedicated branch for project management that is responsible for the entire project management life cycle—from planning to delivery—of all projects at SSC. The branch provides centralized and standardized project management processes, standards and tools for sound governance and oversight.

Recruiting qualified IT professionals and retaining existing staff have continued to be a challenge due to IT market conditions. SSC responded by creating a new direction in staffing to allow increased opportunities and internal mobility for employees.

In 2016–2017, SSC completed the development of a Cost Management Model to establish financial benchmarks by services offered and to support the measuring of and reporting on efficiencies and performance.

SSC strengthened its communications services to its branches in order to improve the distribution of information to employees, partner and customer organizations, Canadian industry and other stakeholders. For example, the Department's website for staff communications— My SSC—was revised and relaunched. SSC launched an Internal Services Catalogue, a centralized inventory of internal services, as part of its effort to standardize and streamline.

In December 2016, SSC conducted its first Engagement and Wellbeing Pulse Check Survey to gain insights into how to make the workplace more productive and healthier.

Budgetary financial resources (dollars)

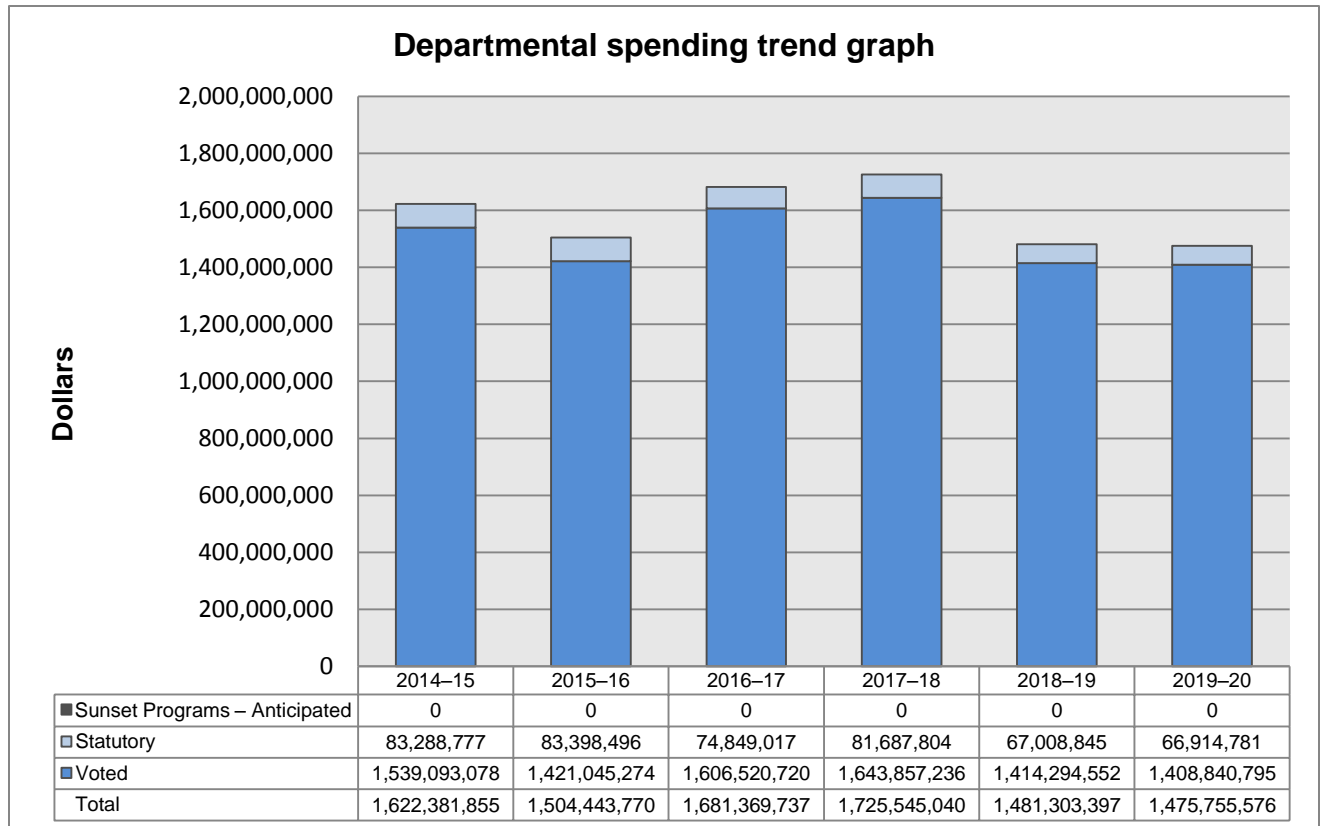| 2016–2017 Main Estimates	2016–2017 Planned spending	2016–2017 Total authorities available for use	2016–2017 Actual spending (authorities used)	2016–2017 Difference (actual minus planned)
158,367,457	158,390,332	159,404,155	150,754,979	(7,635,353)

Human resources (full-time equivalents)

2016–2017 Planned	2016–2017 Actual	2016–2017 Difference (actual minus planned)
945	907	(38)

Analysis of trends in spending and human resources

Actual expenditures

Departmental spending trend graph

Departmental spending trend graph

Dollars	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
■ Sunset Programs – Anticipated	0	0	0	0	0	0
☐ Statutory	83,288,777	83,398,496	74,849,017	81,687,804	67,008,845	66,914,781
■ Voted	1,539,093,078	1,421,045,274	1,606,520,720	1,643,857,236	1,414,294,552	1,408,840,795
Total	1,622,381,855	1,504,443,770	1,681,369,737	1,725,545,040	1,481,303,397	1,475,755,576

In Budget 2016, the government demonstrated its commitment to creating a secure and reliable IT infrastructure by providing additional funds to SSC to help stabilize critical systems and strengthen cyber security. The decrease in forecasted spending in 2018–2019 is mainly due to funding SSC received from Budget 2016 for two years (2016–2017 and 2017–2018), as follows:

- $383.8 million over two years—refresh of the mission-critical IT to deliver reliable and secure digital information and services; and
- $66.8 million over four years and $10.7 million ongoing—secure Canada's government IT infrastructure and information to strengthen cyber security protection.

Budgetary performance summary for Programs and Internal Services (dollars)

Programs and Internal Services	2016–2017 Main Estimates	2016–2017 Planned spending	2017–2018 Planned spending	2018–2019 Planned spending	2016–2017 Total authorities available for use	2016–2017 Actual spending (authorities used)	2015–2016 Actual spending (authorities used)	2014–2015 Actual spending (authorities used)
IT Infrastructure Services								
Gross Expenditures	1,798,581,243	1,799,958,368	1,973,886,860	1,322,590,748	2,289,198,273	2,083,250,800	1,789,804,880	1,858,089,117
Less Respendable Revenue	(407,093,999)	(407,093,999)	(407,093,999)	-	(552,636,042)	(552,636,042)	(423,938,645)	(393,328,154)
Subtotal	1,391,487,244	1,392,864,369	1,566,792,861	1,322,590,748	1,736,562,231	1,530,614,758	1,365,866,235	1,464,760,963
Internal Services								
Gross expenditures	158,367,457	158,390,332	158,752,179	158,712,649	159,404,155	150,754,979	138,577,535	157,620,892
Less respendable revenue	-	-	-	-	-	-	-	-
Subtotal	158,367,457	158,390,332	158,752,179	158,712,649	159,404,155	150,754,979	138,577,535	157,620,892
Total	1,549,854,701	1,551,254,701	1,725,545,040	1,481,303,397	1,895,966,386	1,681,369,737	1,504,443,770	1,622,381,855

The increase in actual spending from 2015–2016 to 2016–2017 is mainly due to the funding SSC received in 2016–2017 from Budget 2016 to help stabilize critical systems and strengthen cyber security for two specific initiatives, as follows:

- $252.5 million in 2016–2017 for the refresh of mission-critical IT; and
- $23.6 million in 2016–2017 to secure Canada's government IT infrastructure and information.

SSC's actual spending in 2016–2017 was lower than the total authorities available, creating a surplus of $215 million. Out of this surplus, $140 million was approved by the Treasury Board of Canada Secretariat (TBS) to be carried forward to 2017–2018. An additional $67 million will also be available for SSC to spend in future years, for specific purposes.

SSC is implementing measures to improve its financial management to avoid a large surplus in the future. For example, SSC is strengthening its revenue management and forecasting, and is taking steps to improve the monitoring and management of financial commitments. SSC is also increasing human resource capacity to improve service and project delivery. SSC has also created two branches dedicated to the management and delivery of services and projects respectively to improve governance and execution.

Actual human resources

Human resources summary for Programs and Internal Services
(full-time equivalents [FTE])

Programs and Internal Services	2014–2015 Actual	2015–2016 Actual	2016–2017 Forecast	2016–2017 Actual	2017–2018 Planned	2018–2019 Planned
IT Infrastructure Services	5,001	4,803	5,055	4,689	5,055	5,055
Subtotal	5,001	4,803	5,055	4,689	5,055	5,055
Internal Services	886	865	945	907	945	945
Total	5,887	5,668	6,000	5,596	6,000	6,000

The difference between the Department's forecast FTE level and the actual FTE level for 2016–2017 reflects the challenge SSC faces in hiring and retaining staff due to budget pressures and a competitive labour market, both within and outside the federal public service.

Expenditures by vote

For information on Shared Services Canada's organizational voted and statutory expenditures, consult the Public Accounts of Canada 2017.[iii]

Alignment of spending with the whole-of-government framework

Alignment of 2016–2017 actual spending with the whole-of-government framework[iv] (dollars)

Program	Spending area	Government of Canada activity	2016–2017 Actual spending
IT Infrastructure Services	Government Affairs	Well-managed and efficient government operations	1,530,614,758

Total spending by spending area (dollars)

Spending area	Total planned spending	Total actual spending
Economic affairs	N/A	N/A
Social affairs	N/A	N/A
International affairs	N/A	N/A
Government affairs	1,392,864,369	1,530,614,758

Financial statements and financial statement highlights

Financial statements

The Shared Services Canada's financial statements (unaudited) for the year ended March 31, 2017 are available on Shared Services Canada's website.

Financial statement highlights

The financial highlights presented within this Departmental Results Report are intended to serve as a general overview of SSC's Statement of Operations and Departmental Net Financial Position and its Statement of Financial Position. More detailed information is provided in SSC's 2016–2017 financial statements. These unaudited statements have been prepared using Government of Canada accounting policies, based on Canadian public sector accounting standards.

The unaudited financial statements are prepared in accordance with accrual accounting principles and are therefore different from the information published in the Public Accounts of Canada, and prepared on an appropriation basis. Sections I and II of this report contain financial information based on parliamentary authorities, and reflect cash flow requirements. Items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. A reconciliation of net cost of operations to current year authorities used is presented in Note 3 to SSC's 2016–2017 financial statements on the Department's website.

The tables below illustrate the March 31, 2017 ending balances for each major financial statement grouping along with the corresponding change from the previous fiscal year.
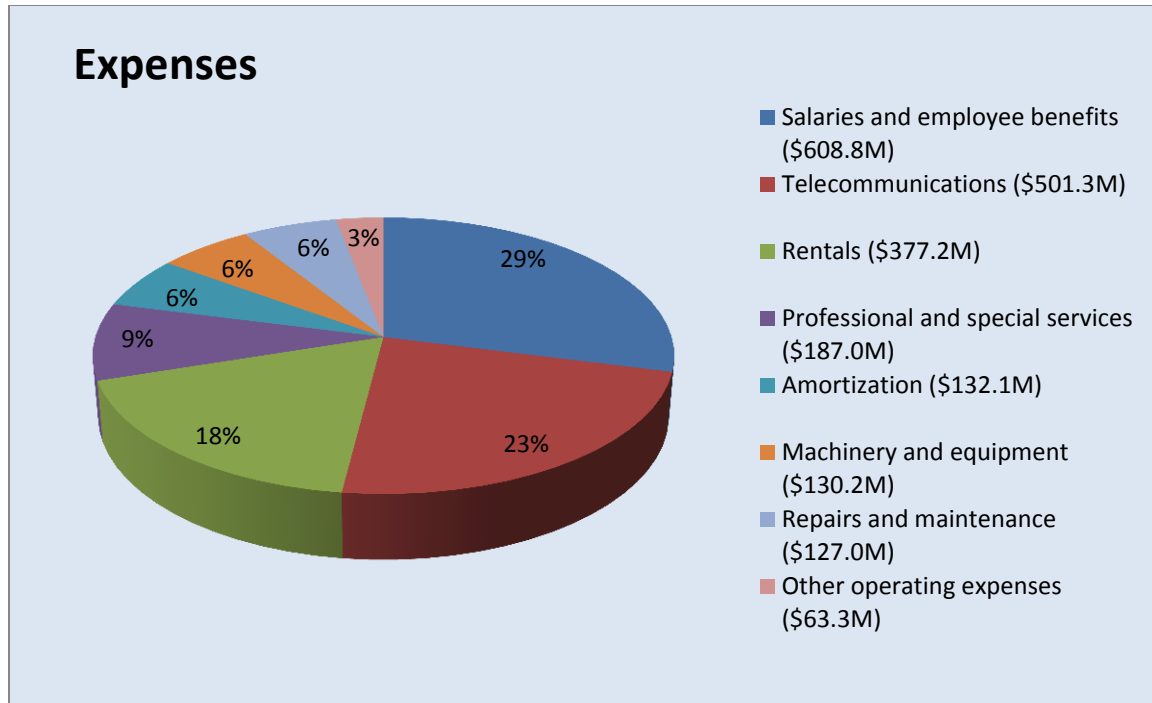
Condensed Statement of Operations (unaudited) for the year ended March 31, 2017 (dollars)

Financial information	2016–2017 Planned results*	2016–2017 Actual	2015–2016 Actual	Difference (2016–2017 actual minus 2016–2017 planned)	Difference (2016–2017 actual minus 2015–2016 actual)
Total expenses	1,879,167,891	2,126,937,468	1,936,594,090	247,769,577	190,343,378
Total revenues	410,617,014	554,134,661	428,905,552	143,517,647	125,229,109
Net cost of operations before government funding and transfers	1,468,550,877	1,572,802,807	1,507,688,538	104,251,930	65,114,269

* Note: Refer to SSC's 2016–17 Future-Oriented Statement of Operations for more information on planned results.

SSC's total expenses for 2016–2017 were $2,126.9 million, an increase of $190.3 million over the previous year's total expenses of $1,936.6 million. In 2016–2017, the salaries and employee benefits represented the largest portion of expenses (29%) at $608.8 million ($622.7 million and 32% in 2015–2016), followed by the telecommunications expenses (23%) at $501.3 million ($475.7 million and 25% in 2015–2016) and the rentals expenses (18%) at $377.2 million ($262.5 million and 14% in 2015–2016). The salaries and employee benefits decreased by $13.9 million in 2016–2017, mainly due to the decrease of $8.6 million of the Employee Benefits Plan paid to TBS and by the decrease of $5.7 million related to the adjustment for the employee future benefits. The operating expenses (excluding salaries and employee benefits) increased by $204.2 million in 2016–2017, mainly due to an increase of $114.7 million in rentals, an increase of $42.4 million in repairs and maintenance, and an increase of $25.5 million in telecommunications.

The Financial Statement's Note 13 segmented information provides detailed information by major object of expenses and by program.
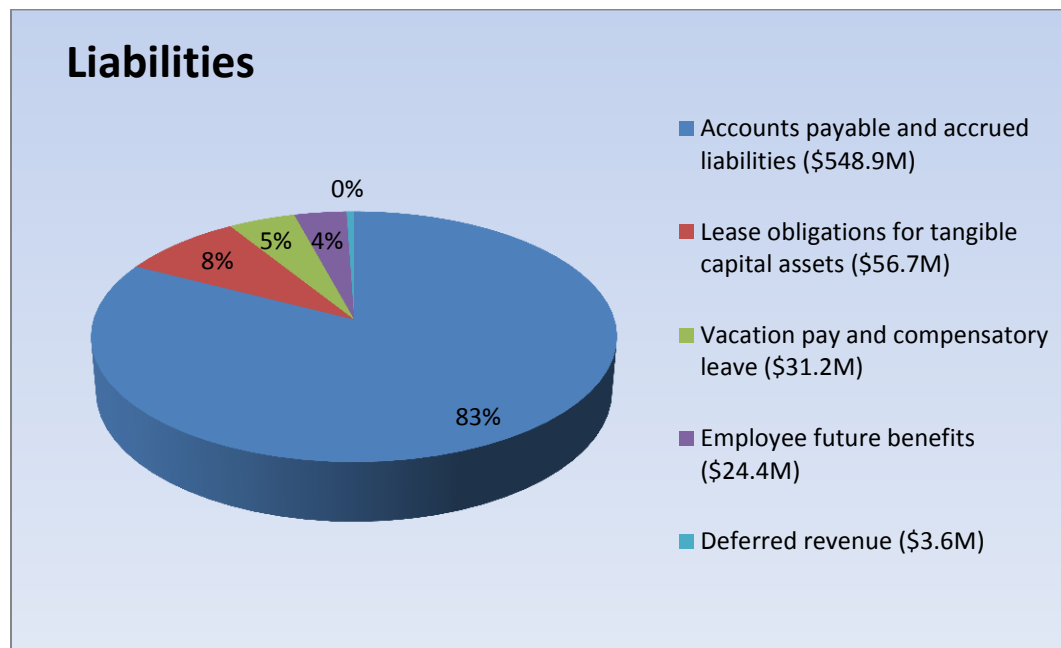
Expenses

Legend:
- Salaries and employee benefits ($608.8M)
- Telecommunications ($501.3M)
- Rentals ($377.2M)
- Professional and special services ($187.0M)
- Amortization ($132.1M)
- Machinery and equipment ($130.2M)
- Repairs and maintenance ($127.0M)
- Other operating expenses ($63.3M)

Pie chart values: 29%, 23%, 18%, 9%, 6%, 6%, 6%, 3%

SSC's total revenues for 2016–2017 were $554.1 million, an increase of $125.2 million over the previous year's total revenues of $428.9 million. Of these revenues, the majority are respendable revenues related to IT infrastructure services provided to partner organizations and other Government of Canada departments and agencies on a cost-recoverable basis. SSC's revenues— net of $10.1 million in non-respendable revenues earned on behalf of government—consist of 99.89% in the sale of goods and services, and 0.11% in miscellaneous revenues.

Condensed Statement of Financial Position (unaudited) as at March 31, 2017 (dollars)

Financial information	2016–2017	2015–2016	Difference (2016–2017 minus 2015–2016)
Total net liabilities	664,876,207	534,688,207	130,188,000
Total net financial assets	593,977,096	510,368,742	83,608,354
Departmental net debt	70,899,111	24,319,465	46,579,646
Total non-financial assets	690,069,900	559,617,054	130,452,846
Departmental net financial position	619,170,789	535,297,589	83,873,200

Total liabilities were $664.9 million at the end of 2016–2017, an increase of $130.2 million (24%) over the previous year's total liabilities of $534.7 million. In 2016–2017, accounts payable and accrued liabilities represented the largest portion (83%) at $548.9 million ($370.2 million and 69% in 2015–2016).


Liabilities

- Accounts payable and accrued liabilities ($548.9M)
- Lease obligations for tangible capital assets ($56.7M)
- Vacation pay and compensatory leave ($31.2M)
- Employee future benefits ($24.4M)
- Deferred revenue ($3.6M)

Total net financial assets were $594.0 million at the end of 2016–2017, an increase of $83.6 million (16%) over the previous year's total net financial assets of $510.4 million. In

2016–2017, the amount due from the Consolidated Revenue Fund (CRF) represented the largest portion (65%) of the net financial assets at $388.7 million ($308.4 million and 60% in 2015–2016).

Net financial assets
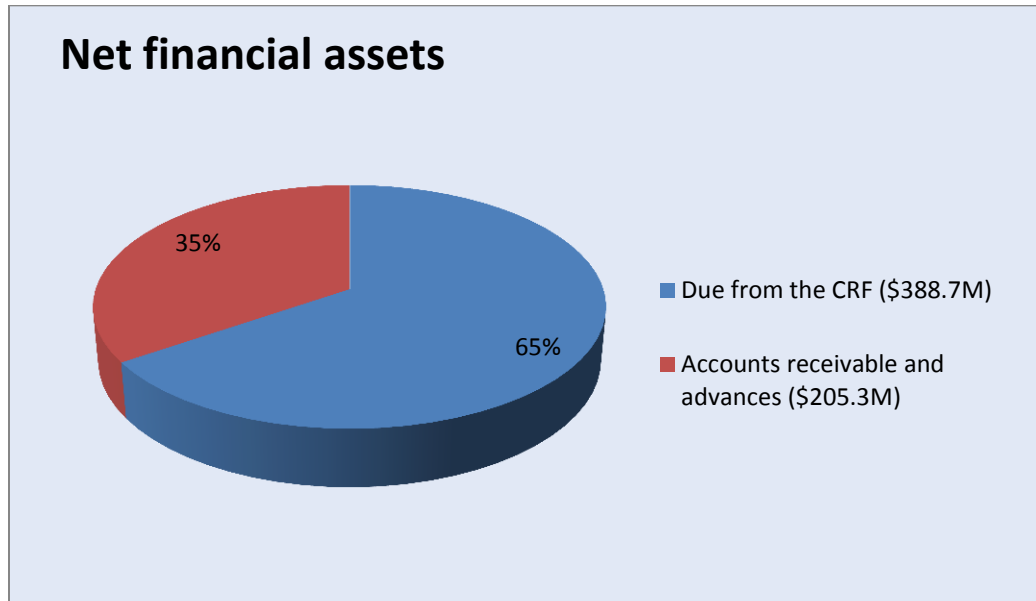
Total non-financial assets were $690.1 million at the end of 2016–2017, an increase of $130.5 million (23%) over the previous year's total non-financial assets of $559.6 million. This increase is explained by an increase of $141.6 million in tangible capital assets (from $520.1 million in 2015–2016 to $661.7 million in 2016–2017) and a decrease of $11.1 million in prepaid expenses (from $39.5 million in 2015–2016 to $28.4 million in 2016–2017). The increase in tangible capital assets is mainly due to new acquisitions of computer hardware, assets under construction, computer software, and machinery and equipment.

Non-financial assets

- Tangible capital assets ($661.7M) — 96%
- Prepaid expenses ($28.4M) — 4%
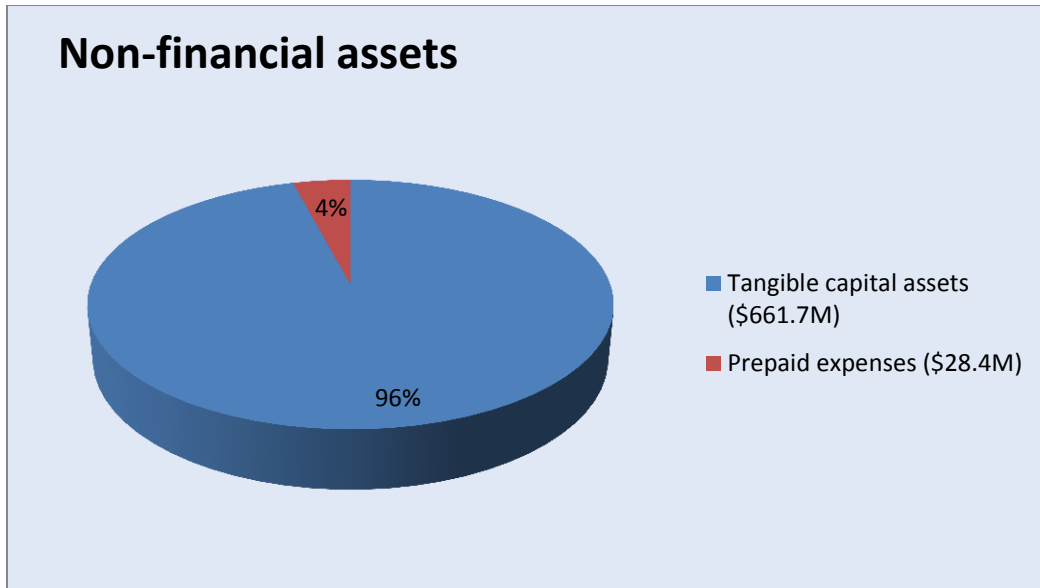
Supplementary information

Corporate information

Organizational profile

Appropriate Minister: The Honourable Carla Qualtrough, P.C., M.P.

Institutional Head: Ron Parker

Ministerial portfolio: Public Services and Procurement

Enabling instrument[s]: [Shared Services Canada Act](v)

Year of incorporation / commencement: 2011

Other: Associated Orders in Council include Privy Council Numbers [2011-0877](), [2011-1297](), [2012-0958](), [2012-0960](), [2013-0366](), [2013-0367](), [2013-0368](), [2015-1071]() and [2016-0003](vi)

Reporting framework

The Shared Services Canada Strategic Outcome and Program Alignment Architecture of record for 2016–2017 are shown below.

1. Strategic Outcome: Modern, reliable, secure and cost-effective IT infrastructure services to support government priorities and program delivery.

1.1 Program: IT Infrastructure Services

    1.1.1 Sub-program: Distributed Computing Services

        1.1.1.1 Sub-sub-program: Workstation Services

        1.1.1.2 Sub-sub-program: Desktop and Office Productivity Suite Services

        1.1.1.3 Sub-sub-program: Email and Mobile Enterprise Server Services

        1.1.1.4 Sub-sub-program: File/Print Services

        1.1.1.5 Sub-sub-program: Remote Access Services

    1.1.2 Sub-program: Production and Operations Computing Services (Data Centres)

        1.1.2.1 Sub-sub-program: Utility Computing Services

        1.1.2.2 Sub-sub-program: Dedicated Application Hosting and Management Services

        1.1.2.3 Sub-sub-program: Facilities Management Services

    1.1.3 Sub-program: Telecommunications Services (Data, Voice and Video)

        1.1.3.1 Sub-sub-program: Data Network Infrastructure Services

        1.1.3.2 Sub-sub-program: Inter- and Intra-Data Centre Network Services

        1.1.3.3 Sub-sub-program: Voice Network Services

        1.1.3.4 Sub-sub-program: Conferencing Services

        1.1.3.5 Sub-sub-program: Contact/Call Centre Services (Data and Voice Network Infrastructure)

    1.1.4 Sub-program: Cyber and IT Security

        1.1.4.1 Sub-sub-program: IT Environment Protection Services

        1.1.4.2 Sub-sub-program: Identification, Authentication and Authorization Services

        1.1.4.3 Sub-sub-program: Secure Communications Services

        1.1.4.4 Sub-sub-program: Perimeter Defence, Detection, Response, Recovery and Audit Services

        1.1.4.5 Sub-sub-program: Cyber and IT Security Management Services

Internal Services

Supporting information on lower-level programs

Supporting information on results, financial and human resources relating to Shared Services Canada's lower-level programs is available on InfoBase.

Supplementary information tables

The following supplementary information tables are available on Shared Services Canada's website:

▸ Departmental Sustainable Development Strategy

▸ Internal audits and evaluations

▸ Status report on transformational and major Crown projects

Federal tax expenditures

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures each year in the Report on Federal Tax Expenditures.[vii] This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in this report are the responsibility of the Minister of Finance.

Organizational contact information

General inquiries

Please direct your inquiries to: SSC.information-information.SPC@canada.ca

Media inquiries

Please direct your inquiries to: SSC.media-medias.SPC@canada.ca
Media Relations Office: 613-670-1626

Appendix: Definitions

appropriation (*crédit*)**:** Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (*dépenses budgétaires*)**:** Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

core responsibility (*responsabilité essentielle*)**:** An enduring function or role performed by a department. The intentions of the department with respect to a core responsibility are reflected in one or more related departmental results that the department seeks to contribute to or influence.

Departmental Plan (*Plan ministériel*)**:** Provides information on the plans and expected performance of appropriated departments over a three-year period. Departmental plans are tabled in Parliament each spring.

departmental result (*résultat ministériel*)**:** A departmental result represents the change or changes that the department seeks to influence. A departmental result is often outside departments' immediate control but should be influenced by program-level outcomes.

departmental result indicator (*indicateur de résultat ministériel*)**:** A factor or variable that provides a valid and reliable means to measure or describe progress on a departmental result.

Departmental Results Framework (*cadre ministériel des résultats*)**:** Consists of the department's core responsibilities, departmental results and departmental result indicators.

Departmental Results Report (*Rapport sur les résultats ministériels*)**:** Provides information on the actual accomplishments against the plans, priorities and expected results set out in the corresponding Departmental Plan.

evaluation (*évaluation*)**:** In the Government of Canada, the systematic and neutral collection and analysis of evidence to judge merit, worth or value. Evaluation informs decision-making, improvements, innovation and accountability. Evaluations typically focus on programs, policies and priorities and examine questions related to relevance, effectiveness and efficiency. Depending on user needs, evaluations can also examine other units, themes and issues, including alternatives to existing interventions. Evaluations generally employ social science research methods.

full-time equivalent (*équivalent temps plein*)**:** A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

government-wide priorities (*priorités pangouvernementales*): For the purpose of the 2017–18 Departmental Plan, government-wide priorities refers to high-level themes outlining the government's agenda in the 2015 Speech from the Throne, namely Growth for the Middle Class, Open and Transparent Government, A Clean Environment and a Strong Economy, Diversity is Canada's Strength, and Security and Opportunity.

horizontal initiative (*initiative horizontale*): An initiative where two or more federal organizations, through an approved funding agreement, work toward achieving clearly defined shared outcomes, and which has been designated (for example, by Cabinet or a central agency) for managing and reporting purposes.

Management, Resources and Results Structure (*Structure de la gestion, des ressources et des résultats*): A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures (*dépenses non budgétaires*): Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (*rendement*): What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve and how well lessons learned have been identified.

performance indicator (*indicateur de rendement*): A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting (*production de rapports sur le rendement*): The process of communicating evidence-based performance information. Performance reporting supports decision-making, accountability and transparency.

planned spending (*dépenses prévues*): For Departmental Plans and Departmental Results Reports, planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates. A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their Departmental Plans and Departmental Results Reports.

plan (*plan*): The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities (*priorités*): Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program (*programme*): A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (*architecture d'alignement des programmes*): A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

results (*résultats*): An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures (*dépenses législatives*): Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

strategic outcome (*résultat stratégique*): A long-term and enduring benefit to Canadians that is linked to an organization's mandate, vision and core functions.

sunset program (*programme temporarisé*): A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (*cible*): A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (*dépenses votées*): Expenditures that Parliament approves annually through an appropriation act. The vote wording becomes the governing conditions under which these expenditures may be made.

Endnotes

i. The Minister's mandate letter, http://pm.gc.ca/eng/mandate-letters
ii. TBS InfoBase, https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start
iii. Public Accounts of Canada 2017, http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html
iv. Whole-of-government framework, https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#tag-nav/~(current_branch~'GOCO~sort_key~'name~sort_direction~'asc~open_nodes~(~'tag_SA0001~'tag_SA9999~'tag_SA0002~'tag_SA0003~'tag_SA0004~'tag_SA0005))
v. *Shared Services Canada Act*, http://laws-lois.justice.gc.ca/eng/acts/S-8.9/
vi. Order in Council, http://www.pco-bcp.gc.ca/oic-ddc.asp?lang=eng&page=secretariats
vii. Report on Federal Tax Expenditures, http://www.fin.gc.ca/purl/taxexp-eng.asp