



Canadian Institutes of Health Research  
Instituts de recherche en santé du Canada



# **Canadian Institutes of Health Research**

**Quarterly Financial Report**  
for the Quarter Ended September 30, 2015

# Canadian Institutes of Health Research

Quarterly Financial Report for the Quarter Ended September 30, 2015

## 1. Introduction

This quarterly financial report should be read in conjunction with the 2015-16 [Main Estimates](#) and [Supplementary Estimates A](#). It has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. It has not been subject to an external audit or review nor has it been subject to the approval of the Audit Committee.

The Canadian Institutes of Health Research (CIHR) is the Government of Canada's health research funding agency. Its mandate is to excel, according to internationally accepted standards of scientific excellence, in the creation of new knowledge and its translation into improved health for Canadians, more effective health services and products and a strengthened Canadian health care system.

CIHR invests in high quality health research and health research personnel to help create and apply new knowledge that can improve health outcomes for Canadians, lead to innovative products and services that improve Canada's health care system, and create high quality employment and commercial opportunities. [CIHR's Health Research Roadmap II: Capturing Innovation to Produce Better Health and Health Care for Canadians](#) presents CIHR's vision to capture excellence and accelerate health innovation via three strategic directions, including:

- 1) Promoting excellence, creativity and breadth in health research and knowledge translation;
- 2) Mobilizing health research for transformation and impact; and
- 3) Enhancing and optimizing CIHR's activities and resources to align the organization with emerging and future needs.

Further details on CIHR's authority, mandate and programs can be found in [Part II of the Main Estimates](#) and the [Report on Plans and Priorities](#).

### ***Basis of Presentation***

The quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes CIHR's spending authorities granted by Parliament and those used by CIHR, consistent with the *Main Estimates* and *Supplementary Estimates A* for the 2015-16 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before monies can be spent by the Government. 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.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

CIHR uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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

This quarterly financial report reflects the results of the current fiscal period in comparison to the authorities provided in the combination of the Main Estimates and Supplementary Estimates A for fiscal year 2015-16, as well as budget adjustments approved by Treasury Board up to September 30, 2015.

### 2.1 Financial Highlights – Statement of Authorities (Refer to Section 5)

As of September 30, 2015, total authorities available for use for CIHR have remained consistent as compared to 2014-15 with an increase of \$21.5 million (2.2%) as shown in the tables below. The increase to CIHR's total authorities available is primarily a result of \$15.0 million of new grant funding announced in Budget 2014 for the CIHR Strategy for Patient-Oriented Research (SPOR) Initiative, the creation of the Canadian Consortium on Neurodegeneration in Aging (CCNA) and other health research priorities, and \$9.0 million of increased grant funding for the Centres of Excellence for Commercialization and Research (CECR) in 2015-16.

Total authorities used as at September 30, 2015 have increased by \$17.6 million (3.7%) as compared to the prior fiscal year due primarily to year over year timing differences in the disbursement of grant program payments as CIHR continues to implement reforms to its health research funding programs. CIHR has used 49.2% (48.4% in 2014-15) of its available authorities through the second quarter, which is consistent with its annual spending pattern.

**Table 2.1.1 – Changes to annual authorities available and cumulative authorities used by vote**

(\$ thousands)

	2015-16			2014-15			Variance	
	Annual Authorities available	Cumulative Authorities used	% used	Annual Authorities available	Cumulative Authorities used	% used	(1) vs (3)	(2) vs (4)
	(1)	(2)		(3)	(4)			
Vote 1 - Operating Expenditures	47,643	23,560	49.5%	49,431	24,572	49.7%	-3.6%	-4.1%
Vote 5 - Grants	955,287	469,422	49.1%	932,143	450,831	48.4%	2.5%	4.1%
Statutory Authorities	5,833	2,917	50.0%	5,696	2,848	50.0%	2.4%	2.4%
<b>Total</b>	<b>1,008,763</b>	<b>495,899</b>	<b>49.2%</b>	<b>987,270</b>	<b>478,251</b>	<b>48.4%</b>	<b>2.2%</b>	<b>3.7%</b>

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**Table 2.1.2 – Changes to annual authorities available and authorities used during the second quarter by vote**

(\$ thousands)

	2015-16			2014-15			Variance	
	Annual Authorities available	Q2 Authorities used	% used	Annual Authorities available	Q2 Authorities used	% used	(1) vs (3)	(2) vs (4)
	(1)	(2)		(3)	(4)			
Vote 1 - Operating Expenditures	47,643	12,067	25.3%	49,431	11,704	23.7%	-3.6%	3.1%
Vote 5 - Grants	955,287	308,335	32.3%	932,143	282,324	30.3%	2.5%	9.2%
Statutory Authorities	5,833	1,459	25.0%	5,696	1,424	25.0%	2.4%	2.5%
<b>Total</b>	<b>1,008,763</b>	<b>321,861</b>	<b>31.9%</b>	<b>987,270</b>	<b>295,452</b>	<b>29.9%</b>	<b>2.2%</b>	<b>8.9%</b>

## Vote 1 – Operating Expenditures

Total authorities available for use for Vote 1 - Operating expenditures have decreased modestly by \$1.8 million (3.6%) as at September 30, 2015 as compared to the prior fiscal year due to a reduced operating budget carryforward from the prior fiscal year.

Operating expenditures authorities used year-to-date have decreased by \$1.0 million (4.1%) as compared to the prior fiscal year due to the one-time transition payment of \$1.3 million disbursed during the first quarter of 2014-15 pertaining to the implementation of salary payment in arrears by the Government of Canada. Authorities used during the second quarter for Vote 1 – Operating Expenditures have increased by \$0.4 million (3.1%) as compared to the prior fiscal year due to an increase in peer review committee meetings that occurred during the quarter.

## Vote 5 – Grants

Authorities available for use for Vote 5 - Grants have increased by approximately \$23.1 million (2.5%) through the second quarter as compared to the prior fiscal year as a result of:

- New grant funding totaling \$15.0 million announced in Budget 2014 for the CIHR SPOR Initiative, the creation of the CCNA and other health research health priorities; and
- Increased funding of approximately \$9.0 million for the CECR program, which matches clusters of research expertise with the business community to share the knowledge and resources that bring innovative products and processes to market faster.

Year-to-date grant expenditures have increased by 4.1% as compared to the prior year as was anticipated with more authorities to disburse. The percentage of grant authorities used through the second quarter of 2015-16 (49.1%) is consistent with authorities used at the midway point of the prior fiscal year (48.4%).

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Grant authorities used during the second quarter of 2015-16 have increased by \$26.0 million (9.2%) as compared to the prior fiscal year due simply to timing differences with respect to the disbursement of funds to health researchers. These timing differences have resulted from the significant program reforms being implemented to CIHR's Investigator-Initiated Programs and its peer review process.

Overall spending as at September 30, 2015 is consistent with management expectations.

## Statutory Authorities

Budgetary statutory authorities (representing CIHR's contribution to employee benefit plans) available for use increased year over year by \$0.1 million (2.4%). Actual spending for statutory authorities through the second quarter of 2015-16 is 50.0% of the total available authorities for use for the year as expected given this expenditure is distributed equally throughout the fiscal year.

## 2.2 Financial Highlights – Statement of Departmental Budgetary Expenditures by Standard Object (Refer to Section 6)

As of September 30, 2015, total authorities available for use by the Canadian Institutes of Health Research have increased by \$21.5 million (2.2%) as compared to the prior fiscal year. Total authorities used as at September 30, 2015 have increased similarly by \$17.6 million (3.7%) as compared to the prior fiscal year due primarily to increased grant expenditures. These increases are reflected in Tables 2.2.1 (where expenditure types are re-grouped into three categories (Personnel, Other Operating Expenditures and Grants)) and 2.2.2 for further analysis:

**Table 2.2.1 – Changes to annual authorities available and cumulative authorities used by expenditure type**  
(\$ thousands)

	2015-16			2014-15			Variance	
	Annual Authorities available	Cumulative Authorities used	% used	Annual Authorities available	Cumulative Authorities used	% used	(1) vs (3)	(2) vs (4)
	(1)	(2)		(3)	(4)			
Personnel	40,555	21,699	53.5%	40,218	21,481	53.4%	0.8%	1.0%
Other operating expenditures	12,921	4,778	37.0%	14,909	5,939	39.8%	-13.3%	-19.5%
Grants	955,287	469,422	49.1%	932,143	450,831	48.4%	2.5%	4.1%
<b>Total</b>	<b>1,008,763</b>	<b>495,899</b>	<b>49.2%</b>	<b>987,270</b>	<b>478,251</b>	<b>48.4%</b>	<b>2.2%</b>	<b>3.7%</b>

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**Table 2.2.2 – Changes to annual authorities available and authorities used during the second quarter by expenditure type**

(\$ thousands)

	2015-16			2014-15			Variance	
	Annual Authorities available	Q2 Authorities used	% used	Annual Authorities available	Q2 Authorities used	% used	(1) vs (3)	(2) vs (4)
	(1)	(2)		(3)	(4)			
Personnel	40,555	11,101	27.4%	40,218	11,006	27.4%	0.8%	0.9%
Other Operating Expenditures	12,921	2,425	18.8%	14,909	2,122	14.2%	-13.3%	14.3%
Grants	955,287	308,335	32.3%	932,143	282,324	30.3%	2.5%	9.2%
<b>Total</b>	<b>1,008,763</b>	<b>321,861</b>	<b>31.9%</b>	<b>987,270</b>	<b>295,452</b>	<b>29.9%</b>	<b>2.2%</b>	<b>8.9%</b>

## Personnel and Other Operating Expenditures

Authorities available for Personnel Expenditures for the period ended September 30, 2015 have increased by \$0.3 million (0.8%) as compared to the prior year, whereas authorities available for other operating expenditures have decreased by \$2.0 million (13.3%). The decrease in available authorities for other operating expenditures was anticipated by management as it resulted from a planned, reduced operating budget carry forward.

Personnel authorities used during the second quarter increased minimally by \$0.2 million (1.0%) as compared to the prior fiscal year. The percentage of authorities used for Personnel Expenditures through the second quarter (53.5%) is reasonable for this type of expenditure and is comparable to the prior fiscal year (53.4%).

The decrease in Other Operating Expenditures authorities used through the second quarter of \$1.2 million (19.5%) as compared to the prior fiscal year is a direct result of the implementation of pay in arrears by the Government of Canada in 2014-15. The implementation resulted in a one-time expenditure of \$1.3 million during the first quarter of the prior fiscal year.

## Grants

Authorities available for the period ended September 30, 2015 have increased by \$23.1 million (2.5%) over the prior year due primarily to additional strategic health research priority funding announced in Budget 2014. Authorities used during the quarter ended September 30, 2015 have increased by 9.2% due to timing differences with respect to the disbursement of grant funds on a year-over-year basis. The percentage of grant authorities used through the second quarter of 2015-16 (49.1%) is consistent with authorities used as at September 30<sup>th</sup> of the prior fiscal year (48.4%).

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## 2.3 Other Nonfinancial Highlights

Other nonfinancial highlights for the quarter ended September 30, 2015 include:

- On July 15, 2015, the funding results from CIHR's inaugural Foundation live pilot competition and the Transitional Open Operating Grants Program were announced. Grant recipients from these two competitions will share over \$600 million in funding to carry out a wide spectrum of innovative projects and programs of research. One hundred and fifty Foundation grants were funded, with 127 Foundation grants awarded to established investigators and 23 Foundation grants were awarded to new/early career investigators. The average total grant size of a Foundation Grant is over \$2.7 million, with a duration of 7 years for established investigators and 5 years for new/early career investigators. In addition, 383 Open Operating Grants were awarded from the core competition. With these funding decisions, CIHR continues to strive to maintain a balance between providing sufficient funds to enable individual researchers to be internationally competitive, while providing adequate breadth of support to maintain Canadian capacity in health research. The integration of CIHR's legacy open programs into CIHR's new Foundation and Projects Grants programs marks a significant change in how Canada supports its health research community. The inaugural Foundation live pilot provided CIHR with an opportunity to validate new processes and systems, and solicit feedback from applicants and reviewers.
- In July of 2015, the Ontario SPOR (Strategy for Patient-Oriented Research) SUPPORT Unit, co-funded by CIHR, established the Working Group on Ontario's Francophone Communities. The purpose of this working group is to provide better support for research aimed at improving the quality of health care and health services in Ontario's Francophone communities. This kind of patient-oriented research examines the implications of cultural and linguistic differences, which are essential considerations both for the delivery of health services and for participation in research projects. For example, one of the challenges in this area is to solve communication problems so that health professionals can communicate diagnoses and other information to their patients effectively and be sure that their patients understand. More specifically, the working group will support researchers in: recruiting participants for research studies, analyzing data on the health needs of Ontario's Francophone communities, translating research findings and disseminating them to patients and to health-care providers, developing the delivery of linguistically and culturally appropriate health services, and evaluating the effectiveness of health services.
- On July 28, 2015, the Honourable Ed Holder, Minister of State (Science and Technology), announced that the University of Toronto "Medicine by Design" initiative would be the first recipient of the federal government's \$1.5 billion Canada First Research Excellence Fund (CFREF). CFREF is a fund administered by the Social Sciences and Humanities Research Council of Canada (SSHRC) on behalf of the three federal granting agencies (SSHRC, CIHR and the Natural Sciences and Engineering Research Council of Canada). The announced \$114 million investment in the "Medicine By Design" initiative by the Government of Canada could lead to new treatments and cures for serious diseases and injuries such as blindness, cancer, diabetes, heart and liver disease. The investment draws on the strengths of Canada's top research, medical institutions, businesses and organizations, including partners such as the Ted Rogers Centre for Heart Research, the Ontario Institute for Cancer Research, and the Centre for Commercialization of Regenerative Medicine. The "Medicine by Design" initiative will strengthen Canada's position as a global leader in the field of regenerative medicine as this project aims to use stem cells to treat and cure a range of injuries and chronic degenerative diseases.

### **3. Risks and uncertainties**

CIHR is funded through voted parliamentary spending authorities and statutory authorities for operating expenditures and transfer payments. As a result, its operations are impacted by any changes to funding approved through Parliament. Therefore, delivering programs and services may depend on several risk factors such as economic fluctuations, technological and scientific development, evolving government priorities, and central agency or government-wide initiatives.

In a highly competitive global environment where innovation and collaboration are critical, CIHR continues to fund and support health research and innovation that will have an impact on Canada and the world. This commitment is captured in CIHR's strategic plan called [Health Research Roadmap II: Capturing innovation to produce better health and health care for Canadians](#). The plan strikes a balance between completing the transformational goals of Roadmap (2009), and aligning to the future. It continues CIHR's vision to capture excellence and accelerate health innovation, to maximize the impact of CIHR's investments by expanding partnerships to accelerate the development of innovative thinking and increase the research funding envelope to maximize the impacts of health research in Canada.

CIHR is committed to a disciplined, integrated risk management process in its daily operations. A Corporate Risk Profile (CRP) is updated twice annually and provides a proactive response to manage and monitor risks to ensure CIHR's ability to operationalize processes, achieve outcomes and deliver on its mandate. CIHR is managing several risks that have been identified in its CRP, including:

- Strategic opportunities to engage external stakeholders and increase the funding envelope for health research may be missed;
- Significant change management initiatives occurring simultaneously within CIHR could result in desired outcomes being misunderstood by CIHR's workforce, thus leading to disengagement and limiting its ability to enact the desired transformations; and
- CIHR's ability to remain responsive and adaptable within the rapidly changing health research environment could be limited due to the current availability of uncommitted resources with respect to both grants and operational funding.

CIHR Management has implemented several mitigation measures to monitor and measure the associated risks, including:

- The development and implementation of an inclusive partner and stakeholder engagement strategy, which will enhance the organization's ability to provide consistent and pro-active messaging to stakeholders, and to engage them in a thoughtful and timely manner;
- The development of an integrated change management plan addressing all transformations, in order to enhance the agency's ability to promote open, transparent and consistent communications to CIHR's workforce, and to ensure that CIHR staff is well informed of the organizational changes that impact them and have the opportunity to participate in the overall process; and
- The launch of its strategic plan entitled Health Research Roadmap II, which will provide a framework for operational and strategic planning, priority setting and decision making. In addition, a financial framework is under development to accompany Roadmap II to ensure that the implementation of CIHR's planning and priority setting exercise is comprehensive and enhances transparency, sustainability and flexibility.



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If not properly mitigated, the aforementioned risks associated could result in a loss of credibility for CIHR from both key external and internal stakeholders and the public at large, leading to possible damage to CIHR's reputation.

## 4. Significant changes in relation to operations, personnel and programs

Effective July 2<sup>nd</sup>, 2015, Mark Ferdinand was appointed as Director General, Partnerships and Business Development.

Effective July 6<sup>th</sup>, 2015, Sarah Connor Gorber was appointed as Director General, College of Reviewers.

Effective August 10<sup>th</sup>, 2015, Kirill Popov was appointed as Executive Director, Canadian Common CV.

Effective September 8<sup>th</sup>, 2015, Anick Ouellette was appointed as Director General, Finance and Deputy Chief Financial Officer.

There have been no other significant changes in relation to operations, personnel and programs during the quarter.

### Approval by Senior Officials

Approved by:

[Original signed by]

[Original signed by]

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Alain Beaudet, MD, PhD  
President

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Thérèse Roy, CPA, CA (Québec)  
Chief Financial Officer

Ottawa, Canada  
November 29, 2015

## Canadian Institutes of Health Research

### 5. Statement of Authorities *(unaudited)* For the quarter ended September 30, 2015

<i>(in thousands of dollars)</i>	Fiscal year 2015-2016			Fiscal year 2014-2015		
	Total available for use for the year ending March 31, 2016 *	Used during the quarter ended September 30, 2015	Year to date used at quarter-end	Total available for use for the year ended March 31, 2015 *	Used during the quarter ended September 30, 2014	Year to date used at quarter-end
Vote 1 – Operating expenditures	47,643	12,067	23,560	49,431	11,704	24,572
Vote 5 - Grants	955,287	308,335	469,422	932,143	282,324	450,831
Budgetary statutory authorities	5,833	1,459	2,917	5,696	1,424	2,848
<b>Total authorities</b>	<b>1,008,763</b>	<b>321,861</b>	<b>495,899</b>	<b>987,270</b>	<b>295,452</b>	<b>478,251</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)* For the quarter ended September 30, 2015

<i>(In thousands of dollars)</i>	Fiscal year 2015-2016			Fiscal year 2014-2015		
	Planned expenditures for the year ending March 31, 2016 *	Expended during the quarter ended September 30, 2015	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2015 *	Expended during the quarter ended September 30, 2014	Year to date used at quarter-end
<b>Expenditures:</b>						
Personnel	40,555	11,101	21,699	40,218	11,006	21,481
Transportation and communications	6,127	660	1,582	5,785	576	1,783
Information	1,141	194	264	1,185	156	258
Professional and special services	1,202	1,033	1,850	5,678	999	1,669
Rentals	2,844	305	767	898	192	621
Repair and maintenance	133	9	10	110	6	6
Utilities, materials and supplies	491	15	20	224	50	54
Acquisition of machinery and equipment	983	239	252	1,029	182	190
Transfer payments	955,287	308,335	469,422	932,143	282,324	450,831
Other subsidies and payments	-	(30)	33	-	(39)	1,358
<b>Total budgetary expenditures</b>	<b>1,008,763</b>	<b>321,861</b>	<b>495,899</b>	<b>987,270</b>	<b>295,452</b>	<b>478,251</b>

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