



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



Canadian Institutes of Health Research

Quarterly Financial Report
for the Quarter Ended December 31, 2015

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1. Introduction

This quarterly financial report should be read in conjunction with the 2015-16 [Main Estimates](#), the 2015-16 [Supplementary Estimates A](#) and [Supplementary Estimates B](#). 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*, the *Supplementary Estimates A* and *Supplementary Estimates B* 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, Supplementary Estimates A and Supplementary Estimates B for fiscal year 2015-16, as well as budget adjustments approved by Treasury Board up to December 31, 2015.

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

As of December 31, 2015, total authorities available for use for CIHR have remained consistent as compared to 2014-15 with an increase of \$10.4 million (1.0%) as shown in the tables below. The increase to CIHR's total authorities available is 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;
- Net transfers from other Government Departments are approximately \$4.0 million lower in 2015-16 than in the prior fiscal year due to the sunseting of several initiatives as well as increased funding transferred by CIHR to the International Development Research Centre (IDRC) in support of its Maternal and Child Health initiatives; and
- A \$1.0 million temporary transfer from CIHR's Grant Vote to its Operating Expenditures Vote to offset projected pressures during the fiscal year.

Total authorities used as at December 31, 2015 have increased by \$16.5 million (2.5%) as compared to the prior fiscal year due primarily to increased expenditures for SPOR and CCNA as a result of the new funding announced for those initiatives in Budget 2014. CIHR has used 67.8% (66.9% in 2014-15) of its available authorities through the third 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	49,166	34,166	69.5%	49,431	36,182	73.2%	-0.5%	-5.9%
Vote 5 - Grants	956,772	647,534	67.7%	946,201	629,115	66.5%	1.1%	2.9%
Statutory Authorities	5,833	4,375	75.0%	5,696	4,272	75.0%	2.4%	2.4%
Total	1,011,771	686,075	67.8%	1,001,328	669,569	66.9%	1.0%	2.5%

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

(\$ thousands)

	2015-16			2014-15			Variance	
	Annual Authorities available	Q3 Authorities used	% used	Annual Authorities available	Q3 Authorities used	% used	(1) vs (3)	(2) vs (4)
	(1)	(2)		(3)	(4)			
Vote 1 - Operating Expenditures	49,166	10,606	21.6%	49,431	11,610	23.5%	-0.5%	-8.6%
Vote 5 - Grants	956,772	178,112	18.6%	946,201	178,284	18.8%	1.1%	-0.1%
Statutory Authorities	5,833	1,458	25.0%	5,696	1,424	25.0%	2.4%	2.4%
Total	1,011,771	190,176	18.8%	1,001,328	191,318	19.1%	1.0%	-0.6%

Vote 1 – Operating Expenditures

Total authorities available for use for Vote 1 - Operating expenditures have decreased modestly by \$0.3 million (0.5%) as at December 31, 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 \$2.0 million (5.9%) as compared to the prior fiscal year due primarily to operational efficiencies and 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 third quarter for Vote 1 – Operating Expenditures have decreased by \$1.0 million (8.6%) as compared to the prior fiscal year due to fewer peer review committee meetings that occurred during the quarter (due to timing differences), and other operational efficiencies.

Vote 5 – Grants

Authorities available for use for Vote 5 - Grants have increased by approximately \$10.6 million (1.1%) as compared to the prior fiscal year as a result of \$15.0 million of new grant funding announced in Budget 2014 for the CIHR SPOR Initiative, the creation of the CCNA and other health research priorities, offset by decreased net transfers of \$4.0 million from other Government Departments and a temporary \$1.0 million Vote transfer from Grants to Operating Expenditures as outlined in section 2.1 of this quarterly report.

Year-to-date grant expenditures have increased by 2.9% as compared to the prior year as was anticipated with more authorities to disburse. The percentage of grant authorities used during the three quarters of 2015-16 (67.7%) is consistent with authorities used at the same point of the prior fiscal year (66.5%). Please note that the percentage of grant authorities used is highest during the second and fourth quarters

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of the fiscal year as grants are typically disbursed in bi-monthly installments starting in May of each fiscal year.

Grant authorities used during the third quarter of 2015-16 are consistent with the prior year (a minor decrease of \$0.2 million, or 0.1%).

Overall spending as at December 31, 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 third quarter of 2015-16 is 75.0% 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 December 31, 2015, total authorities available for use by the Canadian Institutes of Health Research have increased by \$10.4 million (1.0%) as compared to the prior fiscal year. Total authorities used as at December 31, 2015 have increased by \$16.5 million (2.5%) 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	41,098	32,188	78.3%	40,218	32,446	80.7%	2.2%	-0.8%
Other operating expenditures	13,901	6,353	45.7%	14,909	8,008	53.7%	-6.8%	-20.7%
Grants	956,772	647,534	67.7%	946,201	629,115	66.5%	1.1%	2.9%
Total	1,011,771	686,075	67.8%	1,001,328	669,569	66.9%	1.0%	2.5%

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

(\$ thousands)

	2015-16			2014-15			Variance	
	Annual Authorities available	Q3 Authorities used	% used	Annual Authorities available	Q3 Authorities used	% used	(1) vs (3)	(2) vs (4)
	(1)	(2)		(3)	(4)			
Personnel	41,098	10,489	25.5%	40,218	10,965	27.3%	2.2%	-4.3%
Other Operating Expenditures	13,901	1,575	11.3%	14,909	2,069	13.9%	-6.8%	-23.9%
Grants	956,772	178,112	18.6%	946,201	178,284	18.8%	1.1%	-0.1%
Total	1,011,771	190,176	18.8%	1,001,328	191,318	19.1%	1.0%	-0.6%

Personnel and Other Operating Expenditures

Authorities available for Personnel Expenditures for the period ended December 31, 2015 have increased by \$0.9 million (2.2%) as compared to the prior year, whereas authorities available for other operating expenditures have decreased by \$1.0 million (6.8%). The decrease in available authorities for other operating expenditures was anticipated by management as it resulted from a reduced operating budget carry forward from the prior fiscal year.

Personnel authorities used during the third quarter decreased minimally by \$0.5 million (4.3%) as compared to the prior fiscal year. The percentage of authorities used for Personnel Expenditures during the three quarters (78.3%) is reasonable for this type of expenditure and is comparable to the prior fiscal year (80.7%).

The decrease in Other Operating Expenditures authorities used through the third quarter of \$1.7 million (20.7%) as compared to the prior fiscal year is primarily the 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 December 31, 2015 have increased by \$10.6 million (1.1%) over the prior year due primarily to additional strategic health research priority funding announced in Budget 2014. Authorities used during the quarter ended December 31, 2015 are consistent with those incurred in the prior year. The percentage of grant authorities used during the first three quarters of 2015-16 (67.7%) is consistent with authorities used as at December 31st of the prior fiscal year (66.5%).

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2.3 Other Non-financial Highlights

Other non-financial highlights for the quarter ended December 31, 2015 include:

- On December 7, 2015, it was announced that Dr. Yves Joanette, CIHR Institute of Aging Scientific Director, and member of the World Dementia Council, has been appointed to the Governance Committee of the Global Council on Brain Health (GCBH). Launched in October 2015, GCBH is an independent organization created by the American Association of Retired Persons (AARP) Foundation in partnership with Age UK. GCBH offers trusted information to the public on how all of us can maintain and improve our brain health based on the latest scientific evidence produced by scientists, doctors, scholars and policy experts from around the world. The core group of approximately a dozen global experts, including Dr. Joanette, will examine priority areas in the field of brain health and provide practical and trustworthy recommendations.
- On December 15, 2015, CIHR and its partner Genome Canada announced a \$3.3 million investment in Can-SHARE – a pan-Canadian program that will enable innovation in the use of genomic data for health care for patients in Canada and worldwide. This program will create the policies and tools for Canadian clinicians and researchers to share genomic and clinical datasets across Canada and with international partners. Can-SHARE is led by McGill University Professor Dr. Bartha Maria Knoppers, Chair of the Public Population Project in Genomics and Society (P3G), an international consortium dedicated to the development and management of multi-disciplinary research infrastructures around the world. Can-SHARE is co-led by Dr. Michael Brudno of the Hospital for Sick Children in Toronto, and Dr. Jan Friedman of the University of British Columbia. Other team members include some of Canada's most renowned clinicians and researchers in genomics and related areas of life science. This program will strengthen Canada's ability to help rapidly advance the objectives of the Global Alliance for Genomics and Health (GA4GH), which is looking to create a common strategy using interoperable approaches and initiatives to enable the responsible, secure and effective sharing of genomic and clinical data for the benefit of patients worldwide.
- On December 17, 2015, the Honourable Jane Philpott, Minister of Health, and the Honourable Marie-Claude Bibeau, Minister of International Development and La Francophonie, announced an investment of \$5 million from the Government of Canada to support new research focused on reducing the global impact of chronic lung diseases. The funding will support teams of researchers from Canada and low- and middle-income countries (LMICs). The teams will study how to prevent chronic lung diseases such as asthma, lung cancer and chronic pulmonary obstructive disease in LMICs. The primary focus is on policies, programs and other interventions that aim to reduce tobacco use. The funding opportunity also invites research proposals involving Indigenous communities. CIHR and IDRC are providing the funding as Canadian Partners in the [Global Alliance for Chronic Diseases](#) (GACD). The research teams supported through this funding opportunity will be part of a global research network that will facilitate collaboration and the sharing of information.

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

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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 implementation 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 being implemented 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.

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.

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

Prime Minister Justin Trudeau announced on November 4, 2015, the appointment of the Honourable Jane Philpott as the new [Minister of Health](#).

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

Approval by Senior Officials

Approved by:

[Original signed by]

[Original signed by]

Alain Beaudet, MD, PhD
President

Thérèse Roy, CPA, CA (Quebec)
Chief Financial Officer
Vice-President, Resource Planning & Management

Ottawa, Canada
February 29, 2016

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5. Statement of Authorities (*unaudited*) For the quarter ended December 31, 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 December 31, 2015	Year to date used at quarter-end	Total available for use for the year ended March 31, 2015 *	Used during the quarter ended December 31, 2014	Year to date used at quarter-end
Vote 1 – Operating expenditures	49,166	10,606	34,166	49,431	11,610	36,182
Vote 5 - Grants	956,772	178,112	647,534	946,201	178,284	629,115
Budgetary statutory authorities	5,833	1,458	4,375	5,696	1,424	4,272
Total authorities	1,011,771	190,176	686,075	1,001,328	191,318	669,569

* 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 December 31, 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 December 31, 2015	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2015 *	Expended during the quarter ended December 31, 2014	Year to date used at quarter-end
Expenditures:						
Personnel	41,098	10,489	32,188	40,218	10,965	32,446
Transportation and communications	6,127	397	1,979	5,785	600	2,383
Information	1,141	108	372	1,185	146	404
Professional and special services	2,182	870	2,720	5,678	922	2,591
Rentals	2,844	82	849	898	148	769
Repair and maintenance	133	8	18	110	10	16
Utilities, materials and supplies	491	14	34	224	20	74
Acquisition of machinery and equipment	983	30	282	1,029	68	258
Transfer payments	956,772	178,112	647,534	946,201	178,284	629,115
Other subsidies and payments	-	66	99	-	155	1,513
Total budgetary expenditures	1,011,771	190,176	686,075	1,001,328	191,318	669,569

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