

Canadian Institutes of Health Research

Quarterly Financial Report

For the quarter ended June 30, 2011



1. Introduction

This quarterly financial report should be read in conjunction with the 2011-12 [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.

The Canadian Institutes of Health Research (CIHR) is the Government of Canada's health research funding agency. Its objective 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 Strategic Plan identifies five key health research priorities including 1) enhancing patient-oriented care and clinical results; 2) supporting a high-quality, accessible and sustainable healthcare system; 3) reducing health inequities of Aboriginal people and other vulnerable populations including those in the North; 4) preparing for and responding to emerging threats to health; and 5) reducing the burden of chronic disease and mental illness.

Further details on CIHR's authority, mandate and program activities 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 2011-12 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.

2. Highlights of fiscal quarter and fiscal year to date (YTD) results

Statement of Authorities

Available authorities

As of June 30, 2011, total authorities available for use for the Canadian Institutes of Health Research have increased by approximately \$2.5 million (0.3%) to \$983.4M compared to the prior year. This slight increase is a result of authority increases across all CIHR Votes, as described below.

Authorities available for use for Vote 20 – Operating expenditures increased by \$1M (0.2%) over the prior year due to the allocation of \$1M from the \$16M ongoing budget increase announced for CIHR in Budget 2010.

Authorities available for use for Vote 25 – Grants have increased by \$1.1M (0.1%) compared to the prior year. Despite this minor increase, there were several programs which saw significant increases and decreases as compared to the previous fiscal year, as follows:

Increases in funding:

- \$15M from Budget 2010 to invest in outstanding health research
- \$8.4M for the Canada Excellence Research Chairs program
- \$4.7M for the Medical Isotopes Supply Initiative
- \$3.3M for the Banting Post Doctoral Fellowships program
- \$2.8M for the Vanier Canada Graduate Scholarships program
- \$1.7M for the Drug Safety and Effectiveness Network
- \$1.3M of additional transfers in of funds from various government departments over the prior year

Decreases in funding:

- \$22.1M due to the 2008 Strategic Review, resulting from the cancellation of the Open Team Grants competition and the Intellectual Property Management funding program
- \$8M decrease in temporary funding for the Canada Graduate Scholarships program as a result of the end of the Economic Action Plan
- \$5.1M due to the sunseting of the Pandemic Preparedness initiative
- \$0.9M of other minor program reductions

Statutory authorities available for use increased year over year by \$0.4M as a result of minor adjustments made to employee benefit rates.

Authorities Used

Total authorities used as of June 30, 2011 have increased by \$22.4M (14.1%) to \$180.9M over the same quarter in the prior year. The increase is largely a result of additional spending for Vote 25 – Grants, which accounts for 95% of the increase. The increase in grant spending of \$21.3M for the first quarter compared to the same quarter in the prior year is mainly due to a timing difference in recognizing grant expenditures for the Canada Research Chairs (CRC) program. Grant expenditures were not recognized for the CRC program until the second quarter of 2010-11, whereas \$25.9M of CRC payments were recognized as expenditures in the first quarter of 2011-12. Actual Operating expenditure authorities used



(Vote 20) for the quarter also increased over the prior year quarter. The \$1M (9.2%) increase is due to lower vacancy rates for full time equivalent (FTE) positions. The vacancy rate as of June 30, 2010 was 12.4% compared to 7% as of June 30, 2011. Actual Statutory authorities used remained similar quarter over quarter, with only a minimal increase this fiscal year.

Actual authorities used in the first quarter of 2011-12 for Vote 20 - Operating expenditures is 24.2% of total 2011-12 Authorities available, which is reasonable given that 25% of the fiscal year has been completed. Actual authorities used for Vote 25 – Grants in the first quarter of 2011-12 represent 18.1% of total 2011-12 Grants authorities (compared to 15.8% in the prior year). CIHR typically disburses grants and awards payments on a bi-monthly basis (starting in May), and as such the proportion of Grant authorities used are highest in the second and fourth quarters of the year. Actual spending for Statutory authorities through the first quarter is only 16.8% of the total available for use for the year due to timing issues resulting from interdepartmental settlements for employee benefits plan charged by the Treasury Board Secretariat.

Statement of Departmental Budgetary Expenditures by Standard Object

Total planned expenditures as of June 30, 2011, for the year ended March 31, 2012, have increased by approximately \$2.5 (0.3%) million over the prior year. The majority of this increase relates to increased planned Transfer payment and Personnel expenditures of \$1.1M and \$1M respectively, described in detail above. Total planned non-salary operating expenditures are consistent with the prior year.

Actual expenditures for the period ended June 30, 2011 are \$22.4M (14.1%) higher than the same period in the prior year. The majority of the increase is the result of an increase to Transfer payments of \$21.3M. This increase is largely a result of a change in the timing of the recognition of Canada Research Chairs grant expenditures. Actual Personnel authorities used also increased slightly by \$1M in the first quarter due to a lower employee vacancy rate resulting from additional staffed positions.

Actual expenditures for the quarter compared to planned expenditures for the year ending March 31, 2012, for the most part resulted in less than 25% of planned costs being incurred in the first quarter. This is due to the constraints put in place by Budget 2010 to reduce operating costs. Personnel costs however are on par with 28% of planned spending being expended as of June 30, 2011. As mentioned above, only 18.1% of planned Transfer payments have been spent at the end of the first quarter of 2011-12 due to the timing of grants payments.

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, political climate, technological and scientific development, government priorities, and central agencies or government-wide initiatives. CIHR is also a knowledge-based organization and as such, relies on maintaining its talented and committed workforce to continue delivering programs and services.



In Budget 2010, the Minister of Finance announced that the operating budgets of departments, as appropriated by Parliament, would be frozen at their 2010-11 levels for the years 2011-12 and 2012-13. As a result CIHR has been managing this constraint through the following actions and mitigation strategies: CIHR has implemented a vacancy management exercise to control salary costs, the largest part of its operational budget. In an effort to offset the rising costs of peer review, CIHR has implemented various cost reduction options for travel and hospitality and will continue to monitor progress in these areas.

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

There have been no significant changes in relation to operations, personnel and programs over the last year.

Approved by:

Originally signed by:

Originally signed by:

Alain Beaudet, MD, PhD
President

James Roberge, CMA
Chief Financial Officer

Ottawa, Canada
August 19, 2011

Canadian Institutes of Health Research

Statement of Authorities *(unaudited)* For the quarter ended June 30, 2011

<i>(in thousands of dollars)</i>	Fiscal year 2011-2012			Fiscal year 2010-2011		
	Total available for use for the year ending March 31, 2012 *	Used during the quarter ended June 30, 2011	Year to date used at quarter-end	Total available for use for the year ended March 31, 2011 *	Used during the quarter ended June 30, 2010	Year to date used at quarter-end
Vote 20 – Operating expenditures	50,007	12,095	12,095	48,995	11,073	11,073
Vote 25 - Grants and contributions	928,065	167,942	167,942	926,934	146,605	146,605
Statutory authorities	5,292	887	887	4,900	817	817
Total authorities	983,364	180,924	180,924	980,829	158,495	158,495

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

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Departmental budgetary expenditures by Standard Object *(unaudited)* For the quarter ended June 30, 2011

<i>(In thousand of dollars)</i>	Fiscal year 2011-2012			Fiscal year 2010-2011		
	Planned expenditures for the year ending March 31, 2012 *	Expended during the quarter ended June 30, 2011	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2011 *	Expended during the quarter ended June 30, 2010	Year to date used at quarter-end
Expenditures:						
Personnel	34,691	10,982	10,982	33,725	9,665	9,665
Transportation and communications	5,881	586	586	7,486	1,021	1,021
Information	1,027	142	142	1,476	141	141
Professional and special services	10,933	530	530	8,336	676	676
Rentals	409	41	41	431	97	97
Repair and maintenance	78	220	220	20	1	1
Utilities, materials and supplies	310	37	37	459	23	23
Acquisition of machinery and equipment	1,970	30	30	951	237	237
Transfer payments	928,065	167,942	167,942	926,934	146,605	146,605
Other subsidies and payments	-	414	414	1,011	29	29
Total budgetary expenditures	983,364	180,924	180,924	980,829	158,495	158,495

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