



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



Canadian Institutes of Health Research

Quarterly Financial Report
for the Quarter Ended June 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.

2. Highlights of fiscal quarter and fiscal year to date (YTD) 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 June 30, 2015.

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

As of June 30, 2015, total authorities available for use for CIHR have remained relatively consistent compared to 2014-15 with an increase of \$23.6 million (2.4%) as shown in the Table 2.1.1. 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 June 30, 2015, however, have decreased by \$8.8 million (4.8%) as compared to the prior fiscal year due primarily to year over year timing differences in the disbursement of grant program payments. CIHR has used 17.3% (18.6% in 2014-15) of its available authorities through the first quarter, which is consistent with its annual spending pattern.

Table 2.1.1 – Changes to authorities available and authorities used by fiscal quarter and fiscal year by Vote
 (\$ thousands)

	2015-16			2014-15			Variance	
	Q1			Q1			Q1	
	Authorities available	Authorities used	% used	Authorities available	Authorities used	% used	(1) vs (3)	(2) vs (4)
	(1)	(2)		(3)	(4)			
Vote 1 - Operating Expenditures	47,464	11,493	24.2%	47,112	12,868	27.3%	0.7%	-10.7%
Vote 5 - Grants	955,287	161,087	16.9%	932,144	168,507	18.1%	2.5%	-4.4%
Statutory Authorities	5,833	1,458	25.0%	5,696	1,424	25.0%	2.4%	2.4%
Total	1,008,584	174,038	17.3%	984,952	182,799	18.6%	2.4%	-4.8%

Vote 1 – Operating Expenditures

Authorities available for use for Vote 1 - Operating expenditures have increased slightly by \$0.4 million (0.7%) as at June 30, 2015, as compared to the prior fiscal year. Authorities used during the first quarter

Canadian Institutes of Health Research

Quarterly Financial Report for the Quarter Ended June 30, 2015

for Vote 1 – Operating Expenditures have decreased by \$1.4 million (10.7%) 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.

Vote 5 – Grants

Authorities available for use for Vote 5 - Grants have increased by approximately \$23.1 million (2.5%) through the first quarter as compared to the prior fiscal year, primarily 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.

Grant authorities used during the first quarter have decreased by \$7.4 million (4.4%) as compared to the prior fiscal year due merely to timing differences with respect to the disbursement of funds to health researchers. The percentage of grant authorities used is consistent with the prior year (16.9% and 18.1%, respectively) as grants are typically paid out in bi-monthly installments starting in May of each fiscal year.

Overall spending as at June 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 first quarter is 25.0% 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 June 30, 2015, total authorities available for use by the Canadian Institutes of Health Research have increased by \$23.6 million (2.4%) as compared to the prior fiscal year. This increase is reflected in Table 2.2.1, where expenditure types are re-grouped into three categories (Personnel, Other Operating Expenditures and Grants):

Canadian Institutes of Health Research
 Quarterly Financial Report for the Quarter Ended June 30, 2015

Table 2.2.1 – Changes to authorities available and authorities used by fiscal quarter and fiscal year and by expenditure type
 (\$ thousands)

	2015-16			2014-15			Variance	
	Q1			Q1			Q1	
	Authorities available	Authorities used	% used	Authorities available	Authorities used	% used	(1) vs (3)	(2) vs (4)
	(1)	(2)		(3)	(4)			
Personnel	40,555	10,598	26.1%	40,218	10,475	26.0%	0.8%	1.2%
Other Operating Expenditures	12,742	2,353	18.5%	12,590	3,817	30.3%	1.2%	-38.4%
Grants	955,287	161,087	16.9%	932,144	168,507	18.1%	2.5%	-4.4%
Total	1,008,584	174,038	17.3%	984,952	182,799	18.6%	2.4%	-4.8%

Personnel and Other Operating Expenditures

Authorities available for Personnel and Other Operating Expenditures for the period ended June 30, 2015, have increased by \$0.3 million (0.8%) and by \$0.2 million (1.2%), respectively, as compared to the prior year. Available authorities for Personnel and Other Operating Expenditures are very consistent with the prior fiscal year.

Personnel authorities used during the first quarter increased immaterially by \$0.1 million (1.2%) as compared to the prior fiscal year. The percentage of authorities used for Personnel Expenditures through the first quarter (26.1%) is reasonable for this type of expenditure and is comparable to the prior fiscal year (26.0%).

The significant decrease in Other Operating Expenditures authorities used during the first quarter of \$1.5 million (38.4%) 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 payment of \$1.3 million during the first quarter of the prior fiscal year.

Grants

Authorities available for the period ended June 30, 2015 have increased by \$23.1 million (0.5%) over the prior year due primarily to additional strategic health research priority funding announced in Budget 2014. Authorities used during the quarter ended June 30, 2015 have conversely decreased by 4.4% due to timing differences with respect to the disbursement of grant funds.

2.3 Other Non-Financial Highlights

Other non-financial highlights for the first quarter of 2015-16 include:

- On May 1, 2015, the Honourable Rona Ambrose, Minister of Health, announced the Canadian Research Initiative in Substance Misuse (CRISM), a national research network aimed at improving the health of Canadians living with prescription drug abuse, addiction and substance misuse. Led by CIHR, CRISM represents a \$7.2 million investment over 5 years by the Government of Canada to bring together 4 large teams comprised of researchers, service providers, and representatives of people living with substance misuse. Together these teams will work to ensure the transfer and implementation of evidence-based approaches to reduce the negative effects of prescription drug abuse, substance misuse and addiction, including overdose and death.
- On May 25, 2015, CIHR announced the launch of the Maritime Strategy for Patient-Oriented Research SUPPORT Unit. SUPPORT Units are provincial or regional centres that connect patients, researchers, policy makers, funders and health care professionals to facilitate patient-oriented research and to help attract, train, and mentor patient-oriented researchers. The Maritime SPOR SUPPORT unit will receive \$17.2 million from the Government of Canada and the governments of Nova Scotia, New Brunswick and Prince Edward Island, as well as the Nova Scotia Health Research Foundation and the New Brunswick Health Research Foundation to facilitate research on health care practices, therapies, and policies to better improve patient care.
- On June 29, 2015, CIHR announced that the research team leading the Canadian Longitudinal Study on Aging (CLSA) has reached its recruitment goal of 50,000 participants, making CLSA Canada's largest ever study on aging. Launched in 2010, CIHR has invested or committed \$75.1 million to this national study of adult development that will follow 50,000 Canadians aged 45 to 85 over a 20 year period. Its aim is to find ways to improve the health of Canadians by better understanding the processes and dimensions of aging. Over the last five years, the CLSA research team has planned and implemented the study and recruited participants. The data collected is being made available to researchers and policy makers studying issues such as hearing loss, injuries, chronic diseases and neurological conditions.

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

Canadian Institutes of Health Research

Quarterly Financial Report for the Quarter Ended June 30, 2015

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 a year 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 all of 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.

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

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

Canadian Institutes of Health Research
Quarterly Financial Report for the Quarter Ended June 30, 2015

Approval by Senior Officials

Approved by:

[Original signed by]

[Original signed by]

Alain Beaudet, MD, PhD
President

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

Ottawa, Canada
August 29, 2015

Canadian Institutes of Health Research

5. Statement of Authorities *(unaudited)*

For the quarter ended June 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 June 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 June 30, 2014	Year to date used at quarter-end
Vote 1 – Operating expenditures	47,464	11,493	11,493	47,112	12,868	12,868
Vote 5 - Grants	955,287	161,087	161,087	932,144	168,507	168,507
Budgetary statutory authorities	5,833	1,458	1,458	5,696	1,424	1,424
Total authorities	1,008,584	174,038	174,038	984,952	182,799	182,799

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

Canadian Institutes of Health Research

6. Departmental budgetary expenditures by Standard Object *(unaudited)* For the quarter ended June 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 June 30, 2015	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2015 *	Expended during the quarter ended June 30, 2014	Year to date used at quarter-end
Expenditures:						
Personnel	40,555	10,598	10,598	40,218	10,475	10,475
Transportation and communications	6,127	922	922	4,885	1,207	1,207
Information	1,141	70	70	1,001	102	102
Professional and special services	1,023	817	817	4,795	670	670
Rentals	2,844	462	462	758	429	429
Repair and maintenance	133	1	1	93	-	-
Utilities, materials and supplies	491	5	5	189	4	4
Acquisition of machinery and equipment	983	13	13	869	8	8
Transfer payments	955,287	161,087	161,087	932,144	168,507	168,507
Other subsidies and payments	-	63	63	-	1,397	1,397
Total budgetary expenditures	1,008,584	174,038	174,038	984,952	182,799	182,799

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