



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



CIHR IRSC

# **Canadian Institutes of Health Research**

**Quarterly Financial Report**  
for the Quarter Ended December 31, 2017

# Canadian Institutes of Health Research

Quarterly Financial Report for the Quarter Ended December 31, 2017

## 1. Introduction

This quarterly financial report 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 should be read in conjunction with the 2017-18 [Main Estimates](#), [Supplementary Estimates A](#), and [Supplementary Estimates B](#). It has not been subject to an external audit or review nor has it been subject to the approval of the Audit Committee.

### *1.1 Authority, mandate and programs*

The Canadian Institutes of Health Research (CIHR) is the Government of Canada's health research funding agency. It was created in June 2000 by the *Canadian Institutes of Health Research Act* with a mandate “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) Achieving organizational excellence.

Further details on CIHR's mandate and programs can be found in [Part II of the Main Estimates](#) and the [Department Plan](#).

### *1.2 Basis of presentation*

This 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, Supplementary Estimates A, and Supplementary Estimates B for the 2017-18 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.

CIHR uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental results 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 (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, Supplementary Estimates A, and Supplementary Estimates B for fiscal year 2017-18, as well as budget adjustments approved by Treasury Board up to December 31, 2017.

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

As of December 31, 2017, total authorities available for use for CIHR have increased by \$9.9 million (0.9%) compared to December 31, 2016 as shown in the tables below. The increase to CIHR's total authorities available is due to:

- \$9.4 million increase in authorities to fund research proposals selected in the second competition of the Canada First Research Excellence Fund (CFREF) tri-agency program;
- \$2.0 million increase announced in Budget 2017 to support the Canadian Drugs and Substance Strategy;
- \$2.0 million increase announced in Budget 2017 for adapting to the impacts of climate change;
- \$0.5 million increase in transfers from other government departments for specific programs and initiatives;
- \$0.5 million increase in the operating budget carryforward; offset by
- \$3.7 million decrease resulting from CIHR's participation in tri-agency programs in collaboration with the Natural Sciences and Engineering Research Council (NSERC) and the Social Sciences and Humanities Research Council (SSHRC). Funding for these programs varies by fiscal year as CIHR is allocated funding following each distinct competition depending on the successful applicants' alignment with CIHR's health-related mandate;
- \$0.6 million decrease to statutory authorities due to Central Agencies adjustments; and
- \$0.2 million decrease in professional services, advertising and travel announced in Budget 2016 and reduced in the Supplementary Estimates C 2016-17.

Total authorities used as at December 31, 2017 have also increased by \$26.6 million (3.8%) as compared to the prior fiscal year due mainly to the grant payments towards newly created programs. CIHR has used 66.2% (64.3% in 2016-17) of its available authorities through the third quarter, which is consistent with its annual spending pattern.

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

(\$ thousands)

	2017-18			2016-17			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	54,665	39,611	72.5%	52,731	34,414	65.3%	3.7%	15.1%
Vote 5 - Grants	1,032,332	679,071	65.8%	1,023,934	657,539	64.2%	0.8%	3.3%
Statutory Authorities	5,856	4,364	74.5%	6,325	4,479	70.8%	(7.4%)	(2.6%)
<b>Total</b>	<b>1,092,853</b>	<b>723,046</b>	<b>66.2%</b>	<b>1,082,990</b>	<b>696,432</b>	<b>64.3%</b>	<b>0.9%</b>	<b>3.8%</b>

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

(\$ thousands)

	2017-18			2016-17			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	54,665	13,972	25.6%	52,731	11,843	22.5%	3.7%	18.0%
Vote 5 - Grants	1,032,332	197,606	19.1%	1,023,934	185,276	18.1%	0.8%	6.7%
Statutory Authorities	5,856	1,455	24.8%	6,325	1,493	23.6%	(7.4%)	(2.5%)
<b>Total</b>	<b>1,092,853</b>	<b>213,033</b>	<b>19.5%</b>	<b>1,082,990</b>	<b>198,612</b>	<b>18.3%</b>	<b>0.9%</b>	<b>7.3%</b>

## Vote 1 – Operating Expenditures

Total authorities available for use for Vote 1 - Operating expenditures have increased by \$1.9 million (3.7%) as at December 31, 2017 as compared to the prior fiscal year as a result of:

- \$1.4 million increase resulting from a Vote 5 – Grants transfer for the July 2016 Working Meeting held with the health research community;
- \$0.5 million increase in the operating budget carryforward;

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- \$0.2 million increase announced in Budget 2017 for adapting to the impacts of climate change;
- \$0.1 million increase announced in Budget 2017 to support the Canadian Drugs and Substance Strategy; offset by
- \$0.2 million reduction in professional services, advertising and travel announced in Budget 2016; and
- \$0.1 million decrease in transfers from other government departments for specific programs and initiatives.

Operating expenditures authorities used year-to-date have increased by \$5.2 million (15.1%) due to increased Personnel, Transportation and communications expenditures and Professional and special services. The majority of the increases were directly related to the results of the July 2016 Working Meeting held with the health research community.

Authorities used during the third quarter for Vote 1 – Operating Expenditures have increased by \$2.1 million (18.0%) as compared to the prior fiscal year for the same reasons.

## Vote 5 – Grants

Authorities available for use for Vote 5 - Grants have increased by approximately \$8.4 million (0.8%) through the third quarter as compared to the prior fiscal year as a result of:

- New funding of \$9.4 million received to fund the second competition of the CFREF;
- New funding of \$1.9 million announced in Budget 2017 to support the Canadian Drugs and Substance Strategy;
- New funding of \$1.8 million announced in Budget 2017 for adapting to the impacts of climate change;
- Increase of \$0.6 million in transfers from other government departments for specific programs and initiatives; offset by
- Decrease of \$3.7 million resulting from CIHR's participation in tri-agency programs in collaboration with NSERC and SSHRC; and
- Decrease of \$1.5 million resulting from a transfer to Vote 1 – Operating Expenditures and Statutory Authorities based on the results of the July 2016 Working Meeting held with the health research community.

Year-to-date grant expenditures have increased by \$21.5 million (3.3%) as compared to the prior year. The percentage of grant authorities used through the third quarter of 2017-18 (65.8%) is consistent with authorities used at the third quarter of the prior fiscal year (64.2%). Please note that the percentage of grant authorities used is highest during the second and fourth quarters 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 2017-18 have increased by \$12.3 million (6.7%) as compared to the prior fiscal year quarter due to increased authorities available for use as well as timing differences with respect to the disbursement of funds to health researchers.

Overall spending as at December 31, 2017 is consistent with management expectations.

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## Statutory Authorities

Budgetary statutory authorities (representing CIHR's contribution to employee benefit plans) available for use decreased year over year by \$0.5 million (7.4%). The decrease to CIHR's statutory authorities available is due to:

- \$0.6 million decrease due to Central Agencies adjustments; offset by
- \$0.1 million increase resulting from a Vote 5 – Grants transfer for the July 2016 Working Meeting held with the health research community.

Actual spending for statutory authorities through the third quarter of 2017-18 is 74.5% 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, 2017, total authorities available for use by CIHR have increased by \$9.9 million (0.9%) as compared to the prior fiscal year due to increased funding received. Total authorities used as at December 31, 2017 have increased by \$26.6 million (3.8%) as compared to the prior fiscal year. These increases are reflected in Tables 2.2.1 and 2.2.2 (where expenditure types are re-grouped into three categories: Personnel, Other Operating Expenditures and Grants) for further analysis:

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

	2017-18			2016-17			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	43,102	36,175	83.9%	42,814	33,448	78.1%	0.7%	8.2%
Other operating expenditures	17,419	7,800	44.8%	16,242	5,445	33.5%	7.2%	43.3%
Grants	1,032,332	679,071	65.8%	1,023,934	657,539	64.2%	0.8%	3.3%
<b>Total</b>	<b>1,092,853</b>	<b>723,046</b>	<b>66.2%</b>	<b>1,082,990</b>	<b>696,432</b>	<b>64.3%</b>	<b>0.9%</b>	<b>3.8%</b>

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

(\$ thousands)

	2017-18			2016-17			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	43,102	12,367	28.7%	42,814	10,856	25.4%	0.7%	13.9%
Other Operating Expenditures	17,419	3,060	17.6%	16,242	2,480	15.3%	7.2%	23.4%
Grants	1,032,332	197,606	19.1%	1,023,934	185,276	18.1%	0.8%	6.7%
<b>Total</b>	<b>1,092,853</b>	<b>213,033</b>	<b>19.5%</b>	<b>1,082,990</b>	<b>198,612</b>	<b>18.3%</b>	<b>0.9%</b>	<b>7.3%</b>

## Personnel and Other Operating Expenditures

Authorities available for Personnel Expenditures for the period ended December 31, 2017 have increased by \$0.2 million (0.7%) as compared to the prior year. Authorities available for Other Operating Expenditures have also increased by \$1.2 million (7.2%). These increases are due to:

- Additional funds from a Vote 5 – Grants transfer for the July 2016 Working Meeting held with the health research community (\$0.6 million – Personnel and \$0.9 million – Other Operating);
- \$0.5 million increase in the operating budget carryforward (\$0.5 million – Other Operating);
- New funding announced in Budget 2017 to support the Canadian Drugs and Substance Strategy (\$0.1 million – Personnel);
- New funding announced in Budget 2017 for adapting to the impacts of climate change (\$0.1 million – Personnel and \$0.1 million - Other Operating); offset by
- \$0.6 million decrease due to Central Agencies adjustments (\$0.6 million – Personnel);
- Reduction in professional services, advertising and travel announced in Budget 2016 (\$0.2 million – Other Operating).

Personnel authorities used year to date increased by \$2.7 million (8.2%) as compared to the prior fiscal year and Personnel authorities used during the third quarter increased by \$1.5 million (13.9%). In 2016-17, CIHR unfroze all vacant positions as a result of operational requirements and created positions to deliver the programs and initiatives funded from both Budget 2015 and Budget 2016, as well as positions to implement the recommendations stemming from the July 2016 Working Meeting to discuss CIHR peer review processes with the research community. CIHR anticipates that the unfrozen and created positions of 2016-17 will be fully staffed in 2017-18. The percentage of authorities used for Personnel Expenditures through the third quarter (83.9%) is higher than the prior fiscal year (78.1%). The percentage is in line with management expectations given a year-end transfer adjustment will occur between Personnel expenditures and Other Operating Expenditures increasing the authorities available for Personnel expenditures by the end of the fiscal year.

Other Operating Expenditures used year to date increased by \$2.4 million (43.3%) as compared to the prior fiscal year and Other Operating Expenditures used during the third quarter increased by \$0.6 million (23.4%) as compared to the prior fiscal year quarter. These increases are the result of increased costs of

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Non-Public Servant travel (Transportation and communications) and hospitality (Professional and special services) related to Peer Review meetings. In addition, Professional and special services expenditures for the first three quarters of 2016-17 were lower than normal as a result of CIHR reprioritizing its planned activities to ensure timely implementation of recommendations stemming from the July Working Meeting with the health research community.

## Grants

Authorities available for the period ended December 31, 2017 have increased by \$8.4 million (0.8%) over the prior year due primarily to additional health research funding discussed in section 2.1. Authorities used year-to-date for the quarter ended December 31, 2017 have also increased by \$21.5 million (3.3%) due to increased grant payments resulting from the increased authorities available for use as well as timing differences with respect to the disbursement of funds to health researchers. The percentage of grant authorities used through the third quarter of 2017-18 (66.2%) is consistent with authorities used as at December 31<sup>th</sup> of the prior fiscal year quarter (64.3%).

## 2.3 Other Non-Financial Highlights

Other non-financial highlights for the third quarter of 2017-18 include:

- On October 2, 2017, the Honourable Ginette Petitpas Taylor, Canada's Minister of Health, announced a \$5.8 million investment that will support a new model of training for health services researchers. The funding will support 46 PhD graduates who will receive the first awards funded through a new program developed by CIHR's Institute for Health Services and Policy Research and the Canadian Health Services and Policy Research Alliance. The Health System Impact Fellowship (HSIF) and Training Modernization Start-Up Grant programs give trainees experiential learning opportunities in health care organizations where they will bring new ideas and innovative approaches to tackle the complex challenges these organizations are facing.
- On November 2, 2017, Canada's Minister of Health, announced that this year, CIHR and Heart & Stroke have renewed their commitment in collaboration with Hypertension Canada to together contribute up to \$1.1 million over five years to support the research Chair in Hypertension Prevention and Control. Dr. Janusz Kaczorowski, of the University of Montreal, has accepted this appointment. Dr. Kaczorowski's mandate is to help generate and apply knowledge to improve awareness, prevention and control of hypertension, enhancing current Canadian programs, identifying gaps in hypertension prevention and control, and developing new policies, programs and interventions.
- On November 16, 2017, Canada's Minister of Health, announced an investment of more than \$5.7 million from CIHR to support six teams of researchers and decision-makers whose work will improve health services for cancer patients and their families. The teams will develop and test models for better cancer care at the population level from prevention, to survivorship, to end-of-life care. Dr. Jessica E. Simon, from the University of Calgary, and her team will partner with senior health services leaders to demonstrate the effectiveness of routinely offering early, community-based palliative care to support people with non-curable colorectal cancer. They will start in one city, measure the impact on patients, their families and health care system costs, and adapt the research to help people living in other areas across the country.



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- On November 20, 2017, Bill Blair, Parliamentary Secretary to the Minister of Justice and Attorney General of Canada and to the Minister of Health, announced a federal investment of \$33.4 million over five years to support a major research initiative that seeks to prevent chronic diseases, such as diabetes and heart disease, through effective intervention in the earliest days of life. An additional \$7.8 million is being provided through a partnership with national research agencies in India, China and South Africa. The funding will help support the Healthy Life Trajectories (HeLTI) initiative, a major national and international research initiative led by CIHR.

## 3. Risk 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 macro-level risk factors, such as economic fluctuations, technological and scientific development, evolving government priorities, and central agency or government-wide initiatives.

CIHR has identified key risks that could impact its ability to deliver on its strategic plan and meet research community expectations. Based on departmental best practices, a Corporate Risk Profile (CRP) is updated twice annually and provides a proactive response to manage and monitor risks to ensure CIHR has the ability to operationalize its activities, achieve outcomes and deliver on its mandate. CIHR is mitigating and monitoring the top risks identified in its CRP as follows:

- There is a risk that CIHR's ability to deliver the Foundation and Project Grant Competitions could be impacted through ongoing pressure from the research community to change the competition delivery design. This pressure is resulting in impacts on competition delivery design, processes and timelines. It is also possible that the participation of Canada's health research community in CIHR review processes will decrease.
  - Since this risk was identified, a number of changes to program implementation have occurred, including a return to face-to-face mandate-driven committees for review of Project Grants; the re-allocation of the budget envelope from the Foundation to the Project Grant program; and a change in eligibility for early career researchers in the 2017 Foundation Grant program. A broader review of the Foundation Grant program is also occurring through the external [Foundation Grant Program Review Committee](#). As in Q2, these changes continue to be well-informed through community engagement and are being closely monitored through weekly status updates of activities, milestones, and risks. These steps have reduced the overall likelihood and impact of this risk.
- There is a risk that the organization will be impacted by limitations and delays in technology modernization and integration through Project Enabling Business by Leveraging Systems (EnaBLEs). This may impact CIHR's ability to adequately maintain its ongoing business as well as support new business processes. This could result in a loss of credibility from key external and internal stakeholders and the public at large.
  - Ongoing maintenance of legacy systems (e.g., Electronic Information System, Researchnet) while also deploying new systems (e.g., Customer Relationship Management) remain the main activities serving to mitigate this risk. Collaboration with NSERC and SSHRC on shared priorities is also an important activity to support mitigation of this risk. Since the Q2

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update, the [Canada Research Coordinating Committee mandate](#) has been established and the corresponding Ministerial expectations have been communicated publicly through an [open letter](#). As in Q2, a response to the Peer Review Expert Panel has been completed; however, it has not yet been made public or approved by the CIHR Governing Council.

- There is a risk that CIHR's ability to manage the expectations of various stakeholder groups (such as Indigenous health researchers, early career investigators, gender and official language minority communities) may be beyond the Agency's current capacity. With the number of competing expectations increasing, CIHR will need to effectively communicate with stakeholder groups and bring competing needs into alignment. Otherwise, CIHR may lose stakeholder trust in the organization.
  - Since this risk was identified, the new Director-General for Partnerships and Business Development continues to advance the planned Stakeholder Engagement Strategy. The Official Languages and Minority Communities Action Plan continues to progress, as does the CIHR Indigenous Action Plan. The likelihood and impact of the stakeholder engagement-related risk remains high.

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

Effective November 27, 2017, Jeff Latimer returned to the position of Vice-President, Competition Management and Adrian Mota returned to the position of Director General, Operations Support.

### Approval by Senior Officials

Approved by:

[Original signed by]

[Original signed by]

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Roderick R. McInnes, C.M., O.Ont., PhD, FRSC  
Acting President

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

Ottawa, Canada  
March 1, 2018

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### 5. Statement of Authorities *(unaudited)*

For the quarter ended December 31, 2017

<i>(in thousands of dollars)</i>	Fiscal year 2017-2018			Fiscal year 2016-2017		
	Total available for use for the year ending March 31, 2018 *	Used during the quarter ended December 31, 2017	Year to date used at quarter-end	Total available for use for the year ended March 31, 2017 *	Used during the quarter ended December 31, 2016	Year to date used at quarter-end
Vote 1 – Operating expenditures	54,665	13,972	39,611	52,731	11,843	34,414
Vote 5 - Grants	1,032,332	197,606	679,071	1,023,934	185,276	657,539
Budgetary statutory authorities						
Contributions to employee benefit plans	5,856	1,455	4,364	6,325	1,493	4,479
<b>Total budgetary authorities</b>	<b>1,092,853</b>	<b>213,033</b>	<b>723,046</b>	<b>1,082,990</b>	<b>198,612</b>	<b>696,432</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 December 31, 2017

	Fiscal year 2017-2018			Fiscal year 2016-2017		
	Planned expenditures for the year ending March 31, 2018 *	Expended during the quarter ended December 31, 2017	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2017 *	Expended during the quarter ended December 31, 2016	Year to date used at quarter-end
<i>(In thousands of dollars)</i>						
<b>Expenditures:</b>						
Personnel	43,102	12,367	36,175	42,814	10,856	33,448
Transportation and communications	4,505	1,380	3,287	5,146	700	1,665
Information	549	66	276	894	89	335
Professional and special services	9,844	988	2,730	7,615	1,087	2,189
Rentals	1,261	340	775	1,795	176	431
Repair and maintenance	58	4	9	58	10	16
Utilities, materials and supplies	147	53	74	180	34	63
Acquisition of machinery and equipment	1,055	176	485	554	308	631
Transfer payments	1,032,332	197,606	679,071	1,023,934	185,276	657,539
Other subsidies and payments	-	53	164	-	76	115
<b>Total budgetary expenditures</b>	<b>1,092,853</b>	<b>213,033</b>	<b>723,046</b>	<b>1,082,990</b>	<b>198,612</b>	<b>696,432</b>

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