



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 June 30, 2018**

# Canadian Institutes of Health Research

Quarterly Financial Report for the Quarter Ended June 30, 2018

## 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 2018-19 [Main Estimates](#). 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 for the 2018-19 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.

## 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 Main Estimates for fiscal year 2018-19 up to June 30, 2018.

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

As of June 30, 2018, total authorities available for use for CIHR have increased by \$16.8 million (1.6%) compared to June 30, 2017 as shown in the table below. The increase to CIHR’s total authorities available is due to:

- \$7.4 million increase 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;
- \$4.7 million increase announced in Budget 2017 for the Canada 150 Research Chairs program;
- \$2.5 million increase announced in Budget 2017 for adapting to the impacts of climate change;
- \$2.0 million increase announced in Budget 2017 to support the Canadian Drugs and Substance Strategy;
- \$0.4 million increase in net transfers from other government departments for specific programs and initiatives; and
- \$0.2 million decrease to statutory authorities due to Central Agency and other adjustments.

Total authorities used as at June 30, 2018 have also increased by \$9.6 million (4.9%) as compared to the prior fiscal year due mainly to the grant payments towards the newly created programs mentioned above. CIHR has used 18.4% (17.8% in 2017-18) of its available authorities through the first quarter, which is consistent with its annual spending pattern.

**Table 2.1.1 – Changes to annual authorities available and authorities used during the first quarter by vote**  
 (\$ thousands)

	2018-19			2017-18			Variance	
	Annual Authorities available	Q1 Authorities used	% used	Annual Authorities available	Q1 Authorities used	% used	(1) vs (3)	(2) vs (4)
	(1)	(2)		(3)	(4)			
Vote 1 - Operating Expenditures	52,909	13,315	25.2 %	52,633	12,707	24.1%	0.5%	4.8%
Vote 5 - Grants	1,043,857	188,259	18.0%	1,027,149	179,275	17.5%	1.6%	5.0%
Statutory Authorities	5,667	1,417	25.0%	5,819	1,455	25.0%	(2.6%)	(2.6%)
<b>Total</b>	<b>1,102,433</b>	<b>202,991</b>	<b>18.4%</b>	<b>1,085,601</b>	<b>193,437</b>	<b>17.8%</b>	<b>1.6%</b>	<b>4.9%</b>

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### Vote 1 – Operating Expenditures

Total authorities available for use for Vote 1 - Operating expenditures have increased minimally by \$0.3 million (0.5%) as at June 30, 2018 as compared to the prior fiscal year as a result of:

- \$0.2 million in increased operating funding announced in Budget 2017 for adapting to the impacts of climate change; and
- \$0.1 million in increased operating funding announced in Budget 2017 to support the Canadian Drugs and Substance Strategy.

Operating expenditures authorities used during the first quarter have increased by \$0.6 million (4.8%) as compared to the prior fiscal year due to increased Personnel, rentals, professional and special services, as well as Transportation and communications expenditures.

### Vote 5 – Grants

Authorities available for use for Vote 5 - Grants have increased by approximately \$16.7 million (1.6%) in the first quarter as compared to the prior fiscal year quarter, as a result of:

- \$7.4 million increase resulting from CIHR's participation in tri-agency programs in collaboration with NSERC and SSHRC;
- \$4.7 million increase announced in Budget 2017 for the Canada 150 Research Chairs program;
- \$2.3 million increase announced in Budget 2017 for adapting to the impacts of climate change;
- \$1.9 million increase announced in Budget 2017 to support the Canadian Drugs and Substance Strategy; and
- \$0.4 million increase in net transfers from other government departments for specific programs and initiatives.

Grant authorities used during the first quarter of 2018-19 have increased by \$9.0 million (5.0%) as compared to the prior fiscal year quarter due to increased grant payments resulting from the increased authorities available for use. The percentage of grant authorities used is consistent with the prior year (18.0% and 17.5%, respectively) as grants are typically paid out in bi-monthly installments starting in May of each fiscal year.

Overall spending as at June 30, 2018 is consistent with management expectations.

### Statutory Authorities

Budgetary statutory authorities (representing CIHR's contribution to employee benefit plans) available for use decreased marginally year over year by \$0.2 million (2.6%). The decrease to CIHR's statutory authorities available is due to Central Agencies adjustments.

Actual spending for statutory authorities in the first quarter of 2018-19 is 25.0% of the total available authorities for use for the year which is as expected given these expenditures are distributed equally throughout the fiscal year.

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

As of June 30, 2018, total authorities available for use by CIHR have increased by \$16.8 million (1.6%) as compared to the prior fiscal year due to increased funding received. Total authorities used as at June 30, 2018 have increased by \$9.6 million (4.9%) as compared to the prior fiscal year. These increases are reflected in Table 2.2.1 (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 authorities used during the first quarter by expenditure type**  
 (\$ thousands)

	2018-19			2017-18			Variance	
	Annual Authorities available	Q1 Authorities used	% used	Annual Authorities available	Q1 Authorities used	% used	(1) vs (3)	(2) vs (4)
	(1)	(2)		(3)	(4)			
Personnel	42,951	11,637	27.1%	42,880	11,457	26.7%	0.2%	1.6%
Other Operating Expenditures	15,625	3,095	19.8%	15,572	2,705	17.4%	0.3%	14.4%
Grants	1,043,857	188,259	18.0%	1,027,149	179,275	17.5%	1.6%	5.0%
<b>Total</b>	<b>1,102,433</b>	<b>202,991</b>	<b>18.4%</b>	<b>1,085,601</b>	<b>193,437</b>	<b>17.8%</b>	<b>1.6%</b>	<b>4.9%</b>

**Personnel and Other Operating Expenditures**

Authorities available for Personnel Expenditures for the period ended June 30, 2018 have increased by \$0.1 million (0.2%) as compared to the prior year. Authorities available for Other Operating Expenditures have also increased by \$0.1 million (0.3%). These increases are due to:

- Additional funding received for operating expenditures announced in Budget 2017 for adapting to the impacts of climate change (\$0.1 million - Personnel and \$0.1 million - Other Operating);
- Additional funding announced in Budget 2017 to support the Canadian Drugs and Substance Strategy (\$0.1 million - Personnel); and
- Decrease in statutory authorities due to Central Agencies adjustments (\$0.1 million - Personnel).

Personnel authorities used year to date increased minimally by \$0.2 million (1.6%) as compared to the prior fiscal year. The percentage of authorities used for Personnel Expenditures in the first quarter (27.1%) is reasonable for this type of expenditure and is comparable to the prior fiscal year (26.7%).

Other Operating Expenditures used in the first quarter increased marginally by \$0.4 million (14.4%) as compared to the prior fiscal quarter. The increase is mainly the result of greater expenditures in Transportation and communications, Rentals, and Professional and special services, each increased by \$0.1 million.

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### Grants

Authorities available for the period ended June 30, 2018 have increased by \$16.7 million (1.6%) over the prior year due primarily to additional health research funding discussed in section 2.1.1. Authorities used during the quarter ended June 30, 2018 have also increased by 5.0% due to increased grant payments resulting from the increased authorities available for use. The percentage of grant authorities used in the first quarter of 2018-19 (18.0%) is consistent with authorities used as at June 30<sup>th</sup> of the prior fiscal year (17.5%).

### *2.3 Other Non-Financial Highlights*

Other non-financial highlights for the first quarter of 2018-19 include:

- On June 13, 2018, the Honourable Catherine McKenna, Minister of Environment and Climate Change, on behalf of Kirsty Duncan, Minister of Science and Minister of Sport and Persons with Disabilities, and Ginette Petitpas Taylor, Minister of Health, announced the launch of a new Collaborative Health Research Projects competition with the goal of bridging artificial intelligence (AI), health research and, for the first time, the social sciences and humanities. The fresh approach to research funding will encourage greater collaboration across disciplines that will produce new medical practices and technologies. A total of \$24.0 million is available, of which almost \$6.0 million is being reserved for projects that investigate the ethical, legal, and societal impacts associated with the spread of AI through the health sector.

## 3. Risk and uncertainties

CIHR is funded through voted parliamentary spending authorities used for operating expenditures and transfer payments, as well as statutory authorities. 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 2017, Canada's Fundamental Science Review made a number of recommendations that will shape the future direction and actions of CIHR. As part of these recommendations, a Canada Research Coordinating Committee was established which includes the presidents of the three federal granting councils. This committee will have an oversight role and will seek to harmonize the work of the three federal granting agencies, helping to ensure that our research funding processes are coordinated and that our research investments are aligned with our most urgent health priorities, as stated in the open letter from the Minister of Science, the Honourable Kirsty Duncan, and the Minister of Health, the Honourable Ginette Petitpas Taylor.

To help deliver on its corporate priorities, government-wide priorities, and overall mandate, CIHR will continue to engage its research communities and external stakeholders through its partnership and stakeholder strategy. In addition, through the Government of Canada's Health Portfolio Sex and Gender-Based Analysis (SGBA) Policy and CIHR's Equity Framework, CIHR will continue to work to ensure equity, diversity, and inclusion in its business practices. As well, to build a healthier future for First

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Nations, Inuit and Métis peoples, CIHR will continue to address the ongoing, long-standing gap in health status between Indigenous and non-Indigenous peoples in Canada through its health research programs and policies.

In addition, CIHR announced a new President and recruited two new Institute Scientific Directors, with a third to be recruited in 2018–19. Minister Petitpas Taylor also announced the appointment of six leading researchers to the Governing Council of CIHR. This will lead to a new phase in the development of CIHR's strategic directions and priorities.

Given this organizational context, CIHR's management has identified its strategic priorities. The first is to position CIHR in such a way that it contributes to creating coherence in the current science environment within the Government of Canada, including supporting the Government's response to the Fundamental Science Review. Related to this priority, there is a risk that CIHR will be insufficiently nimble to shape and adapt to the Government of Canada's new science environment due to the current allocation of resources, as well as issues of timing and flexibility.

The second identified strategic priority is to ensure that CIHR can deliver on the full scope of its mandate in order to shape and be responsive to emerging Government of Canada and partner priorities through effective organizational structures, governance, and processes. Given its current capacity, there is a risk that CIHR will be unable to respond due to an inability to harmonize and improve the mechanisms that support access, efficiency, and collaboration within the Canadian funding research ecosystem.

CIHR is committed to a disciplined, integrated risk management process in its daily operations. CIHR's Corporate Risk Profile (CRP) is updated twice annually and provides a proactive response to manage and monitor risks to ensure its ability to operationalize processes, achieve outcomes and deliver on its mandate. CIHR has identified the following four key risks and related mitigations in its CRP that support its ability to deliver on its strategic plan and meet the research community's expectations as detailed in the table below.

Risks	Risk response strategy
<p><b>Risk 1</b> – Effective Governance for Decision-Making: Changing CIHR leadership and an absence of clarity around governance roles, membership, communications, and processes present a risk that CIHR will be unable to maximize functionality or address barriers to effective decision-making.</p>	<ul style="list-style-type: none"> <li>• Identify synergies and duplications within current Tri-Agency activities initiatives and related governance structures;</li> <li>• Maintain a robust governance secretariat;</li> <li>• Conduct an analysis of the scope and terms of reference for existing governance structures;</li> <li>• Effectively implement and facilitate the Management Response to the Audit of Corporate Governance and other reports (e.g., CIHR Peer Review Expert Panel; Government of Canada Fundamental Science Review) in relation to the relevant roles and responsibilities/authorities and how those are operationalized in practice, including an ongoing monitoring approach;</li> <li>• Enhance and communicate understanding of official decision-making authorities and/or delegated authorities to maximize efficiencies and improve decision-making processes; and,</li> <li>• Enhance capacity for Governing Council to lead strategic planning.</li> </ul>

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<p><b>Risk 2 – Effective Strategic and Operational Prioritization:</b></p> <p>There is a risk that, without meaningful and effective processes to assure effective prioritization, CIHR will be unable to deliver its core business (core responsibility and programs) while also having sufficient reserve capacity to respond to emerging opportunities or threats.</p>	<ul style="list-style-type: none"> <li>• As part of the 3-year planning process, develop options for a future baseline approach to :             <ul style="list-style-type: none"> <li>- Challenge the priority of core business requirements through enhanced cross-functional review of resource allocations.</li> <li>- Differentiate the resources allocated to: (1) prioritized core business requirements, and; (2) potential activities which consider relevant metrics to determine their operational and financial feasibility.</li> <li>- Providing options for activities that could be deferred or eliminated to address new or emergent priorities.</li> <li>- Ensure that these allocations, and a sufficient capacity to address emerging requirements, are within CIHR’s risk tolerance levels.</li> </ul> </li> <li>• Begin post-Roadmap strategic planning process;</li> <li>• Developing robust and relevant metrics to support understanding of the operational implications of potential activities on feasibility to deliver and incorporating operational feasibility as a core part of prioritization and decision-making processes;</li> <li>• Identifying where surge capacity could be used when available; and</li> <li>• Providing guidance or options for activities that could be deferred or delayed to address new or emergent priorities.</li> </ul>
<p><b>Risk 3 – Optimizing Existing Human Resource Capacity:</b></p> <p>There is a risk that, without proactive strategies to attract and retain key talent, CIHR will not have the Human Resource capacity required to deliver its current core business and respond to future priorities and will lose its competitive edge as an employer of choice.</p>	<ul style="list-style-type: none"> <li>• Applying improved HR analytics to CIHR data to identify HR risks and trends and develop and implement HR strategies; and</li> <li>• Exploring and working to eliminate barriers to attract, develop and retain key talent between the Core Public Service and CIHR and within the private sector (e.g., common job classifications; deployment mechanisms), including but not limited to:             <ul style="list-style-type: none"> <li>- Identifying business areas that are particularly vulnerable to being able to attract and retain key talent through HR analytics.</li> <li>- Implement relevant recommendations from the external review of CIHR HR policies, classification and compensation programs to improve CIHR’s organizational effectiveness and competitiveness.</li> <li>- Scaling-up CIHR’s Talent Management Strategy pilot.</li> </ul> </li> </ul>
<p><b>Risk 4 – Optimizing Technology:</b></p> <p>There is a risk that CIHR will be unable to have high data quality and modernized business processes and systems if it is unable to upgrade to new technology, leverage existing technology, and integrate these systems to deliver</p>	<ul style="list-style-type: none"> <li>• Planning and resourcing technology replacement, including for a renewed grants management system;</li> <li>• Implementation a comprehensive System Change Request governance process; and</li> <li>• Effectively understanding and responding to Central Agency and/or legislative directions.</li> </ul>



on its core business.	
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#### **4. Significant changes in relation to operations, personnel and programs**

Effective April 3, 2018, Adrian Mota assumed the position of Associate Vice-President, Research, Knowledge Translation and Ethics on a two-year term (formerly the Director General, Operations Support).

On May 30, 2018, the Honourable Ginette Petitpas Taylor, Minister of Health, announced the appointment of six top Canadian health researchers to the Governing Council of CIHR. These appointments took effect on May 24, 2018.

On June 20, 2018, Canada's Minister of Health announced the appointment of Dr. Michael Strong as the new President of CIHR. He will assume the position on October 1, 2018.

#### **Approval by Senior Officials**

Approved by:

[original signed by]

[original signed by]

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Michel Perron  
Acting President

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Thérèse Roy, FCPA, FCA  
Chief Financial Officer  
Vice-President, Resource Planning and Management

Ottawa, Canada  
August 29, 2018

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

**For the quarter ended June 30, 2018**

<i>(in thousands of dollars)</i>	<b>Fiscal year 2018-2019</b>			<b>Fiscal year 2017-2018</b>		
	Total available for use for the year ending March 31, 2019 *	Used during the quarter ended June 30, 2018	Year to date used at quarter-end	Total available for use for the year ended March 31, 2018 *	Used during the quarter ended June 30, 2017	Year to date used at quarter-end
Vote 1 – Operating expenditures	52,909	13,315	13,315	52,633	12,707	12,707
Vote 5 - Grants	1,043,857	188,259	188,259	1,027,149	179,275	179,275
Budgetary statutory authorities						
Contributions to employee benefit plans	5,667	1,417	1,417	5,819	1,455	1,455
<b>Total budgetary authorities</b>	<b>1,102,433</b>	<b>202,991</b>	<b>202,991</b>	<b>1,085,601</b>	<b>193,437</b>	<b>193,437</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 June 30, 2018**

	<b>Fiscal year 2018-2019</b>			<b>Fiscal year 2017-2018</b>		
	Planned expenditures for the year ending March 31, 2019 *	Expended during the quarter ended June 30, 2018	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2018 *	Expended during the quarter ended June 30, 2017	Year to date used at quarter-end
<i>(In thousands of dollars)</i>						
<b>Expenditures:</b>						
Personnel	42,951	11,637	11,637	42,880	11,457	11,457
Transportation and communications	5,725	1,501	1,501	3,965	1,362	1,362
Information	303	94	94	491	87	87
Professional and special services	6,912	638	638	8,851	522	522
Rentals	1,559	483	483	1,135	355	355
Repair and maintenance	51	-	-	52	-	-
Utilities, materials and supplies	272	2	2	129	3	3
Acquisition of machinery and equipment	803	224	224	949	238	238
Transfer payments	1,043,857	188,259	188,259	1,027,149	179,275	179,275
Other subsidies and payments	-	153	153	-	138	138
<b>Total budgetary expenditures</b>	<b>1,102,433</b>	<b>202,991</b>	<b>202,991</b>	<b>1,085,601</b>	<b>193,437</b>	<b>193,437</b>

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