

# **Canadian Institutes of Health Research**

## **Quarterly Financial Report for the Quarter Ended December 31, 2018**

# Canadian Institutes of Health Research

Quarterly Financial Report for the Quarter Ended December 31, 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](#) and [Supplementary Estimates A](#). 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 and Supplementary Estimates A 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.

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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 Main Estimates and Supplementary Estimates A for fiscal year 2018-19, as well as budget adjustments approved by Treasury Board up to December 31, 2018.

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

As of December 31, 2018, total authorities available for use for CIHR have increased by \$65.9 million (6.0%) compared to December 31, 2017 as shown in the tables below. The increase to CIHR's total authorities available is due to:

- \$43.9 million announced in Budget 2018 to enhance support for health research and for Gairdner Foundation activities;
- \$7.6 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. CIHR received additional funds for the Canada First Research Excellence Fund (CFREF) (\$9.1 million), the Centres of Excellence for Commercialization and Research (CECR) (\$3.5 million) and the College and Community Innovation (CCI) (\$0.3 million) programs, offset by a decrease in funds for the Canada Excellence Research Chairs (CERC) (\$3.7 million) and the Business-Led Networks of Centres of Excellence (BL-NCE) (\$1.6 million) programs;
- \$7.3 million announced in Budget 2018 for the Canada Research Chairs program;
- \$4.7 million announced in Budget 2017 for the Canada 150 Research Chairs program;
- \$3.0 million announced in Budget 2018 for post-traumatic stress injuries;
- \$1.2 million net increase in operating and statutory authorities due to Central Agency and other adjustments;
- \$0.5 million increase over 2017-18 funding for adapting to the impacts of climate change; offset by
- \$1.4 million decrease in the operating budget carryforward; and
- \$0.9 million decrease in net transfers from other government departments for specific programs and initiatives.

Total authorities used as at December 31, 2018 have also increased by \$22.0 million (3.0%) as compared to the prior fiscal year mainly due to the grant payments towards the newly created programs mentioned above. CIHR has used 64.3% (66.2% in 2017-18) 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)

	2018-19			2017-18			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	57,880	40,342	69.7%	54,665	39,611	72.5%	5.9%	1.8%
Vote 5 – Grants	1,094,883	700,456	64.0%	1,032,332	679,071	65.8%	6.1%	3.1%
Statutory Authorities	5,956	4,250	71.4%	5,856	4,364	74.5%	1.7%	(2.6%)
<b>Total</b>	<b>1,158,719</b>	<b>745,048</b>	<b>64.3%</b>	<b>1,092,853</b>	<b>723,046</b>	<b>66.2%</b>	<b>6.0%</b>	<b>3.0%</b>

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

(\$ thousands)

	2018-19			2017-18			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	57,880	13,726	23.7%	54,665	13,972	25.6%	5.9%	(1.8%)
Vote 5 – Grants	1,094,883	197,686	18.1%	1,032,332	197,606	19.1%	6.1%	0.0%
Statutory Authorities	5,956	1,417	23.8%	5,856	1,455	24.8%	1.7%	(2.6%)
<b>Total</b>	<b>1,158,719</b>	<b>212,829</b>	<b>18.4%</b>	<b>1,092,853</b>	<b>213,033</b>	<b>19.5%</b>	<b>6.0%</b>	<b>(0.1%)</b>

## Vote 1 – Operating Expenditures

Total authorities available for use for Vote 1 – Operating expenditures have increased by \$3.2 million (5.9%) as at December 31, 2018 as compared to the prior fiscal year as a result of:

- \$3.0 million in operating funding announced in Budget 2018 to enhance support for health research and for Gairdner Foundation activities;
- \$1.4 million in increased operating funding due to central agency adjustments;

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- \$0.2 million in operating funding announced in Budget 2018 for the post-traumatic stress injuries; offset by
- \$1.4 million decrease in the operating budget carryforward.

Operating expenditures authorities used year-to-date have increased by \$0.7 million (1.8%) primarily due to increased Personnel costs associated with the collective bargaining increases and compensation adjustments.

Authorities used during the third quarter for Vote 1 – Operating Expenditures have decreased minimally by \$0.3 million (1.8%) as compared to the prior fiscal year quarter in most non-salary operating categories, due to the timing of purchases.

## Vote 5 – Grants

Authorities available for use for Vote 5 – Grants at December 31, 2018 were \$1,094.9 million and included funding for the following transfer payment programs:

- Grants for research projects and personnel support – \$962.0 million
- Canada First Research Excellence Fund (CFREF) – \$43.8 million
- Networks of Centres of Excellence – \$21.7 million
- Canada Graduate Scholarships – \$21.2 million
- Institute support grants – \$13.4 million
- Centres of Excellence for Commercialization and Research (CECR) – \$13.2 million
- Vanier Canada Graduate Scholarships – \$8.4 million
- Canada 150 Research Chairs – \$4.7 million
- Canada Excellence Research Chairs (CERC) – \$4.2 million
- Business–Led Networks of Centres of Excellence (BL-NCE) – \$1.7 million
- College and Community Innovation Program (CCI) – \$0.6 million

Vote 5 – Grants authorities available for use have increased by approximately \$62.6 million (6.1%) through the third quarter as compared to the prior fiscal year, as a result of:

- \$40.6 million in grant funding announced in Budget 2018 to enhance support for health research and for Gairdner Foundation activities;
- \$7.6 million in increased grant funding resulting from CIHR's participation in tri-agency programs in collaboration with NSERC and SSHRC. CIHR received additional funds for the CFREF, CECR, and CCI programs (\$9.1 million, \$3.5 million, \$0.3 million respectively), which was offset by decreased funding for the CERC and BL-NCE programs (\$3.7 million and \$1.6 million respectively);
- \$7.3 million in grant funding announced in Budget 2018 for the Canada Research Chairs program;
- \$4.7 million in grant funding announced in Budget 2017 for the Canada 150 Research Chairs program;
- \$2.8 million in grant funding announced in Budget 2018 for post-traumatic stress injuries; and
- \$0.5 million increase over 2017-18 grant funding for adapting to the impacts of climate change; offset by
- \$0.9 million decrease in net transfers from other government departments for specific programs and initiatives.

Year-to-date grant expenditures have increased by \$21.4 million (3.1%) compared to the prior fiscal year due to increased grant payments resulting from the increased authorities available for use. The percentage

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of grant authorities used through the third quarter of 2018-19 (64.0%) is consistent with authorities used at the third quarter of the prior fiscal year (65.8%). 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 2018-19 have remained similar to the prior fiscal year quarter.

Overall spending as at December 31, 2018 is comparable to the previous fiscal year and is consistent with management expectations.

## Statutory Authorities

Budgetary statutory authorities (representing CIHR's contribution to employee benefit plans) available for use increased marginally year over year by \$0.1 million (1.7%). The increase to CIHR's statutory authorities available is due to:

- \$0.3 million in statutory authorities announced in Budget 2018 to enhance support for health research and for Gairdner Foundation activities; offset by
- \$0.2 million decrease in statutory authorities due to Central Agencies adjustments.

Actual spending for statutory authorities through the third quarter of 2018-19 is 71.4% of the total available authorities for use for the year. This is an expected pattern 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, 2018, total authorities available for use by CIHR have increased by \$65.9 million (6.0%) as compared to the prior fiscal year due to increased funding received. Total authorities used as at December 31, 2018 have increased by \$22.0 million (3.0%) 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)

	2018-19			2017-18			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	46,121	36,742	79.7%	43,102	36,175	83.9%	7.0%	1.6%
Other operating expenditures	17,715	7,850	44.3%	17,419	7,800	44.8%	1.7%	0.6%
Grants	1,094,883	700,456	64.0%	1,032,332	679,071	65.8%	6.1%	3.1%
<b>Total</b>	<b>1,158,719</b>	<b>745,048</b>	<b>64.3%</b>	<b>1,092,853</b>	<b>723,046</b>	<b>66.2%</b>	<b>6.0%</b>	<b>3.0%</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)

	2018-19			2017-18			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	46,121	12,715	27.6%	43,102	12,367	28.7%	7.0%	2.8%
Other Operating Expenditures	17,715	2,427	13.7%	17,419	3,060	17.6%	1.7%	(20.7%)
Grants	1,094,883	197,687	18.1%	1,032,332	197,606	19.1%	6.1%	0.0%
<b>Total</b>	<b>1,158,719</b>	<b>212,829</b>	<b>18.4%</b>	<b>1,092,853</b>	<b>213,033</b>	<b>19.5%</b>	<b>6.0%</b>	<b>(0.1%)</b>

## Personnel and Other Operating Expenditures

Authorities available for Personnel Expenditures for the period ended December 31, 2018 have increased by \$3.0 million (7.0%) as compared to the prior year. Authorities available for Other Operating Expenditures have also increased by \$0.3 million (1.7%). These increases are due to:

- Additional funding announced in Budget 2018 to enhance support for health research and for Gairdner Foundation activities (\$1.6 million – Personnel and \$1.7 million – Other Operating);
- Additional funding due to Central Agency adjustments (\$1.2 million – Personnel);
- Additional funding announced in Budget 2018 for post-traumatic stress injuries (\$0.2 million – Personnel); offset by
- Decrease in the operating budget carryforward (\$1.4 million – Other Operating).

Personnel authorities used year to date increased by \$0.6 million (1.6%) as compared to the prior fiscal year and Personnel authorities used during the third quarter increased by \$0.3 million (2.8%). The increase is due primarily to the additional funding received as listed above. The percentage of authorities used for Personnel Expenditures through the third quarter (79.7%) is reasonable for this type of expenditure and is in line with expectations.

Other Operating Expenditures used year to date increased by \$0.05 million (0.6%) as compared to the prior fiscal year and Other Operating Expenditures used during the third quarter decreased by \$0.6 million (20.7%) as compared to the prior fiscal year quarter. The increase quarter to quarter is due simply to the timing of purchases varying by quarter each year as the year to date expenditures are consistent.

## Grants

Authorities available for the period ended December 31, 2018 have increased by \$62.6 million (6.1%) over the prior year primarily due to additional health research funding highlighted in section 2.1. Authorities used year-to-date for the quarter ended December 31, 2018 have also increased by \$21.4 million (3.1%) due to increased grant payments resulting from the increased authorities available for use. The percentage of grant authorities used through the third quarter of 2018-19 (64.0%) is consistent with authorities used as at December 31<sup>st</sup> of the prior fiscal year (65.8%).

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### ***2.3 Other Non-Financial Highlights***

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

- On October 15, 2018, the Honourable Ginette Petitpas Taylor, Canada's Minister of Health, announced \$4.0 million for a Pan-Canadian Research Network on Lyme Disease in order to generate knowledge to improve diagnosis and treatment, and an additional \$1.3 million to increase Canada's capacity to respond to the health impacts of Lyme disease. Co-led by Dr. Kieran Moore from Queen's University and Drs. Beate Sander and Samir Patel from the University of Toronto, the Research Network will bring together Lyme disease stakeholders including researchers, clinicians and patients and facilitate national collaboration to ensure better health outcomes for people with Lyme disease. The multidisciplinary network will help address the knowledge gaps that exist for Lyme disease prevention and control, diagnosis and treatment options. In addition to building the research and evidence base, the Government of Canada is also committed to enhancing Lyme disease surveillance, along with increasing awareness, education and training for the public and health care providers. Five new projects will receive a total of \$1.3 million under the Infectious Diseases and Climate Change Fund to support these priorities
- On October 18, 2018, John Oliver, Parliamentary Secretary to the Minister of Health, on behalf of Canada's Minister of Health, announced renewed funding of \$3.0 million for the Canadian Donation and Transplant Research Program (CDTRP) to help support a donation and transplantation system that gives Canadians timely and effective access to care. This funding is a joint investment from CIHR, Astellas Pharma Canada Inc., the Canadian Liver Foundation, Cystic Fibrosis Canada, the Fonds de recherche du Québec–Santé, and the Kidney Foundation of Canada. This investment will enable the CDTRP to continue advancing research that address the many facets of organ and tissue donation and transplantation in Canada and in the process effectively increase the availability of transplants for Canadians and transform clinical outcomes for transplant patients from coast to coast.
- On December 20, 2018, Canada's Minister of Health announced an investment \$11.9 million over five years to support partnerships led by nine researchers across the country that will seek solutions to the physical, mental health, and aging-related barriers that prevent Canadians from participating in the workforce. The funding is provided under Healthy and Productive Work, a joint initiative of CIHR and SSHRC that supports the goal of maintaining a healthy, productive, and inclusive workforce in Canada

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

Since the 2018-19 corporate risks were developed, there have been significant leadership changes at the executive and extended executive levels and at senior committees. In particular, the appointment of the new president and the renewal of Governing Council have had a major positive impact on the implementation of the mitigation activities. As a result, the development of a new strategic plan will be deferred until 2020-21.



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CIHR will continue to operate under its current strategic plan - [Roadmap II: Capturing Innovation to Produce Better Health and Health Care for Canadians](#).

CIHR is committed to a disciplined, integrated risk management process in its daily operations. Based on departmental best practices, the 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 its activities, achieve outcomes and deliver on its mandate. CIHR is mitigating and monitoring the risks identified in its CRP as follows:

## **Risk 1: Effective Governance for Decision-Making**

Since this risk was identified, a significant number of changes have been implemented including the appointment of CIHR's new President, Vice-President Research Programs, and several new Governing Council members. Additionally, updates have been made to the *CIHR Act* to support strengthened governance and operations. As CIHR adapts to these changes, the roles and responsibilities for corporate governance will be re-examined to reduce risk and support the design of CIHR's new strategic plan.

## **Risk 2: Effective Strategic and Operational Prioritization**

CIHR has been working with internal stakeholders, its Institutes, partners and the research community to crystalize priorities under the leadership of CIHR's new president by beginning the development of its new strategic plan in direct alignment with business planning activities. The plan is focused on implementing the *CIHR Act* to improve health systems and/or improve health outcomes in these priority areas for Canadians.

## **Risk 3: Optimizing Existing Human Resource Capacity**

Since this risk was identified, the talent management initiative has been piloted with the goal of enabling CIHR to optimize its plan for human resources (HR), by attracting, engaging, developing, and retaining excellent talent in support of realizing the organization's business objectives. This program will be further refined in the coming year. A new Director-General of Human Resources has been appointed. Under her leadership, the Human Resources Unit has focused on reviewing their HR service delivery model to develop and implement a three-year HR operational plan, which should allow CIHR to have the capacity and the resources required to fulfill its mandate.

## **Risk 4: Optimizing Technology**

Since this risk was identified, the three granting agencies approved a collaborative approach to implement a single grants management solution, which will improve CIHR's ability to maintain its ongoing business as well as support new business processes. A new Director-General of Information Management, Technology and Security/Chief Information Officer has been appointed.

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

Effective, October 1, 2018, Dr. Michael J. Strong assumed his duties as the new President of CIHR.

Effective, October 29, 2018, Dr. Tammy J. Clifford assumed her duties as the permanent Vice-President, Research Programs.

In November 2018, the new president, confirmed CIHR's commitment to developing a new strategic plan and renewing its current governance structure. Executive roles within the organization have been clarified and new management positions have been created to generate greater operational efficiencies and better support the organization as it undertakes these new priorities.

Effective December 17, 2018, Dalia Morcos Fraser was appointed to the role of Chief Financial Officer.

### Approval by Senior Officials

Approved by:

[original signed by]

[original signed by]

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Michael J. Strong, MD, FRCPC, FAAN, FCAHS  
President

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Dalia Morcos Fraser, CPA, CMA  
Chief Financial Officer

Ottawa, Canada  
February 28, 2019

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

For the quarter ended December 31, 2018

<i>(in thousands of dollars)</i>	Fiscal year 2018-2019			Fiscal year 2017-2018		
	Total available for use for the year ending March 31, 2019 *	Used during the quarter ended December 31, 2018	Year to date used at quarter-end	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
Vote 1 – Operating expenditures	57,880	13,726	40,342	54,665	13,972	39,611
Vote 5 – Grants	1,094,883	197,686	700,456	1,032,332	197,606	679,071
Budgetary statutory authorities						
Contributions to employee benefit plans	5,956	1,417	4,250	5,856	1,455	4,364
<b>Total budgetary authorities</b>	<b>1,158,719</b>	<b>212,829</b>	<b>745,048</b>	<b>1,092,853</b>	<b>213,033</b>	<b>723,046</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, 2018

	Fiscal year 2018-2019			Fiscal year 2017-2018		
	Planned expenditures for the year ending March 31, 2019 *	Expended during the quarter ended December 31, 2018	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2018 *	Expended during the quarter ended December 31, 2017	Year to date used at quarter-end
<i>(In thousands of dollars)</i>						
<b>Expenditures:</b>						
Personnel	46,121	12,715	36,743	43,102	12,367	36,175
Transportation and communications	6,522	1,072	3,156	4,505	1,380	3,287
Information	343	68	265	549	66	276
Professional and special services	7,814	808	2,509	9,844	988	2,730
Rentals	1,763	183	875	1,261	340	775
Repair and maintenance	57	2	93	58	4	9
Utilities, materials and supplies	308	31	70	147	53	74
Acquisition of machinery and equipment	908	97	664	1,055	176	485
Transfer payments	1,094 883	197,686	700,456	1,032,332	197,606	679,071
Other subsidies and payments	-	167	217	-	53	164
<b>Total budgetary expenditures</b>	<b>1,158,719</b>	<b>212,829</b>	<b>745,048</b>	<b>1,092,853</b>	<b>213,033</b>	<b>723,046</b>

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