

Canadian Institutes of Health Research

Quarterly Financial Report for the Quarter Ended June 30, 2019

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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 2019-20 [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 2019-20 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 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 2019-20, as well as budget adjustments approved by Treasury Board up to June 30, 2019.

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

As of June 30, 2019, total authorities available for use for CIHR have increased by \$76.2 million (6.9%) compared to June 30, 2018 as shown in the table below. The increase to CIHR's total authorities available is due to:

- \$59.2 million of new funding announced in Budget 2018 to enhance support for health research and for Gairdner Foundation activities;
- \$13.0 million increase announced in Budget 2018 for the Canada Research Chairs program;
- \$4.1 million of new funding announced in Budget 2019 for Supporting Graduate Students Through Research Scholarships program;
- \$3.0 million of new funding announced in Budget 2018 for research into post-traumatic stress injuries in public safety personnel;
- \$2.0 million of new funding announced in Budget 2019 for Paid Parental Leave for Student Researchers;
- \$1.5 million increase in funding for retroactive salary increases;
- \$0.3 million decrease in funding of statutory items due to various adjustments and contributions required by Central Agencies;
- \$4.5 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. CIHR received less funds in 2019-20 for the Centres of Excellence for Commercialization and Research (\$3.5 million) and the Canada 150 Chairs (\$1.0 million) programs.
- \$1.0 million decrease in funding to support Canadian Drugs and Substance Strategy; and
- \$0.8 million decrease in net transfers from other government departments for specific programs and initiatives.

Total authorities used as at June 30, 2019 increased by \$9.3 million (4.6%) as compared to the prior fiscal year due mainly to the grant payments towards the newly created funding mentioned above. CIHR has used 18.0% (18.4% in 2018-19) of its available authorities through the first quarter, which is consistent with its annual spending pattern.

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

	2019-20			2018-19			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	57,806	13,508	23.4%	52,909	13,315	25.2%	9.3%	1.4%
Vote 5 - Grants	1,113,975	197,123	17.7%	1,043,857	188,259	18.0%	6.7%	4.7%
Statutory Authorities	6,829	1,701	24.9%	5,667	1,417	25.0%	20.5%	20.0%
Total	1,178,610	212,332	18.0%	1,102,433	202,991	18.4%	6.9%	4.6%

Vote 1 – Operating Expenditures

Total authorities available for use for Vote 1 - Operating expenditures increased by \$4.9 million (9.3%) as at June 30, 2019 compared to the prior fiscal year as a result of:

- \$4.2 million of new funding announced in Budget 2018 in support of fundamental health research;
- \$1.2 million increase in funding for retroactive salary increases;
- \$0.2 million of new funding announced in Budget 2019 for Paid Parental Leave for Student Researchers;
- \$0.2 million of new funding announced in Budget 2018 to support research into post-traumatic stress injuries in public safety personnel; and
- \$0.9 million decrease in operating costs due to a transfer to statutory authorities.

Operating expenditures authorities used during the first quarter have increased by \$0.2 million (1.4%) as compared to the prior fiscal year mainly due to an increase in personnel costs which is largely offset by decreases in transportation and communications, professional and special services, and acquisition of machinery and equipment expenditures.

Vote 5 – Grants

Authorities available for use for Vote 5 – Grants at June 30, 2019 were \$1,114.0 million and included funding for the following transfer payment programs:

- Grants for research projects and personnel support – \$981.9 million
- Canada First Research Excellence Fund (CFREF) – \$43.8 million
- Canada Graduate Scholarships – \$25.3 million
- Networks of Centres of Excellence – \$21.7 million
- Institute support grants – \$13.2 million
- Centres of Excellence for Commercialization and Research (CECR) – \$9.7 million
- Vanier Canada Graduate Scholarships – \$8.4 million
- Canada Excellence Research Chairs (CERC) – \$4.2 million

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- Canada 150 Research Chairs – \$3.7 million
- Business–Led Networks of Centres of Excellence (BL-NCE) – \$1.7 million
- College and Community Innovation Program (CCI) – \$0.4 million

Vote 5 – Grants authorities available for use increased by approximately \$70.1 million (6.7%) in the first quarter as compared to the prior fiscal year quarter, as a result of:

- \$54.7 million of new funding announced in Budget 2018 for fundamental health research;
- \$13.0 million increase announced in Budget 2018 for the Canada Research Chairs program;
- \$4.1 million of new funding announced in Budget 2019 for Supporting Graduate Students Through Research Scholarships program;
- \$2.8 million of new funding announced in Budget 2018 for research into post-traumatic stress injuries in public safety personnel;
- \$1.8 million of new funding announced in Budget 2019 for Paid Parental Leave for Student Researchers;
- \$4.5 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. CIHR received less funds in 2019-20 for the Centres of Excellence for Commercialization and Research (\$3.5 million) and the Canada 150 Chairs (\$1.0 million) programs.
- \$1.0 million decrease in funding to support Canadian Drugs and Substance Strategy; and
- \$0.8 million decrease in net transfers from other government departments for specific programs and initiatives.

Grant authorities used during the first quarter of 2019-20 increased by \$8.9 million (4.7%) 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 (17.7% and 18.0%, respectively) as grants are typically paid out in bi-monthly installments starting in May of each fiscal year.

Overall spending as at June 30, 2019 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 \$1.2 million (20.5%). The increase to CIHR’s statutory authorities available is due to Central Agencies adjustments.

Actual spending for statutory authorities in the first quarter of 2019-20 is 24.9% 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, 2019, total authorities available for use by CIHR increased by \$76.2 million (6.9%) compared to the prior fiscal year due to increased funding received. Total authorities used as at June 30, 2019 increased by \$9.3 million (4.6%) 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 Transfer Payments) for further analysis.

Table 2.2.1 – Changes to annual authorities available and authorities used during the first quarter by expenditure type
(\$ thousands)

	2019-20			2018-19			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	51,397	12,886	25.1%	42,951	11,637	27.1%	19.7%	10.7%
Other Operating Expenditures	13,238	2,323	17.5%	15,625	3,095	19.8%	-15.3%	-24.9%
Transfer Payments	1,113,975	197,123	17.7%	1,043,857	188,259	18.0%	6.7%	4.7%
Total	1,178,610	212,332	18.0%	1,102,433	202,991	18.4%	6.9%	4.6%

Personnel and Other Operating Expenditures

Authorities available for Personnel Expenditures for the period ended June 30, 2019 increased by \$8.4 million (19.7%) compared to the prior year. Authorities available for Other Operating Expenditures decreased by \$2.4 million (-15.3%). These variances are due to:

- \$1.7 million increase (Personnel) and \$2.8 million increase (Other) of new funding announced in Budget 2018 in support of fundamental health research;
- \$1.5 million increase (Personnel) in funding for retroactive salary increases;
- \$0.1 million of new funding (Personnel) and another \$0.1 million of new funding (Operating) announced in Budget 2019 for Paid Parental Leave for Student Researchers;
- \$0.1 million net increase (Personnel) for minor adjustments to various programs;
- \$0.3 million decrease (Personnel) in funding of statutory items due to various adjustments and contributions required by Central Agencies; and
- \$5.3 million increase to Personnel and \$5.3 million decrease to Other as a result of an internal transfer between Vote 1 and Vote 5.

Personnel authorities used year to date increased by \$1.2 million (10.7%) compared to the prior fiscal year. The percentage of authorities used for Personnel Expenditures in the first quarter (25.1%) is reasonable for this type of expenditure and is comparable to the prior fiscal year (27.1%).

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Other Operating Expenditures used in the first quarter decreased by \$0.8 million (-24.9%) compared to the prior fiscal quarter. The decrease is mainly the result of a decrease in Transportation and communications of \$0.8 million.

Transfer Payments

Authorities available for the period ended June 30, 2019 increased by \$70.1 million (6.7%) 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, 2019 increased by \$8.9 million (4.7%) due to increased grant payments resulting from the increased authorities available for use. The percentage of grant authorities used in the first quarter of 2019-20 (17.7%) is consistent with authorities used as at June 30th of the prior fiscal year (18.0%).

2.3 Other Non-Financial Highlights

Other non-financial highlights for the first quarter of 2019-2020 include:

- On April 23, 2019, the Honourable Ginette Petitpas Taylor, Minister of Health, announced a new \$81.0 million initiative that will make it easier for researchers to access and analyze health research data. The Strategy for Patient-Oriented Research (SPOR) Canadian Data Platform is a seven-year, \$81.4 million investment with contributions from several partners. This groundbreaking initiative is a single portal through which researchers will be able to request access to a multitude of administrative, clinical, and social data from various sources from across the country.
- On June 4, 2019, the Honourable Ginette Petitpas Taylor, Minister of Health, announced an investment of \$10.0 million over five years from the Government of Canada through CIHR. This funding will support national cervical cancer research to be led by world-renowned physician and researcher, Dr. Gina Ogilvie and her team at the Women's Health Research Institute at BC Women's, the BC Elimination of Cervical Cancer Task Force, and her colleagues at the Gynecological Cancer Initiative.
- On June 17, 2019, the Honourable Ginette Petitpas Taylor, Minister of Health, announced funding of \$46.0 million over five years to support Phase II of the Canadian Consortium on Neurodegeneration in Aging (CCNA), a national hub for collaborative research on dementia. The Government of Canada will contribute \$31.6 million through CIHR. An additional \$14.4 million is being provided by partners, including the Alzheimer Society of Canada.
- On June 26, 2019, the Honourable Hedy Fry, on behalf of the Minister of Health, announced an investment of \$22.9 million in HIV/AIDS research from the Government of Canada, through CIHR. This investment supports the renewal of the CIHR Canadian HIV Trials Network (CTN). This group has, since 1990, been supporting a thriving community of researchers, people living with HIV and their caregivers, health advocates, and pharmaceutical and biotechnology companies to generate knowledge about prevention, treatment, management, and a cure for HIV/AIDS and other sexually transmitted and blood-borne infections.

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. 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.

CIHR is committed to a disciplined, risk management process in its daily operations. Based on departmental best practices, the Corporate Risk Profile (CRP) is updated bi-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 2019-20 CRP as follows:

Risks	Risk Response Strategy
<p>Risk 1 - Developing the New Strategic Plan</p> <p>There is a risk that CIHR’s development of a strategic plan to achieve its objectives as defined by the CIHR Act may be hindered by gaps in governance and change management practices.</p>	<ul style="list-style-type: none"> • Establish a strategic planning function, supported by a formalized governance and reporting model. • Establish accountability for the operational implementation of the strategic plan. • Develop an Operational Plan that focuses on change management within CIHR.
<p>Risk 2- Effective Digital Solutions</p> <p>Failure to deliver and support effective digital and security solutions may result in the inability for the organization to deliver on the objectives as defined by the CIHR Act.</p>	<ul style="list-style-type: none"> • Develop a new Information Management, Technology and Security Strategic Plan and Cloud Strategy Plan. • Refresh the Business Continuity Management program. • Implement capacity planning to better understand current and future demands. • Upgrade or replace obsolete applications and supporting infrastructure. • Support new grants management systems in replacing legacy applications.
<p>Risk 3 - Human Resources Capacity</p> <p>There is a risk that, without proactive strategies and a cohesive organizational design to attract and retain key talent, CIHR will not have the human resource capacity required to deliver on its current programs and services and to respond to future priorities.</p>	<ul style="list-style-type: none"> • Develop a People Management Strategy. • Conduct a classification and compensation review. • Establish improved Key Performance Indicators for Human Resources.

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

- On June 5, 2019 the Honourable Ginette Petitpas Taylor, Minister of Health, announced the appointment of Dr. Jeannie Shoveller as Chairperson of CIHR's Governing Council. This marks the first time a woman has served as Chairperson of CIHR's Governing Council. Mr. Don Ferguson, Ms. Debbie Fischer, Mr. Dominic Giroux and Dr. Brianne A. Kent were also appointed to CIHR's Governing Council.
- On May 21, 2019, CIHR announced the appointment of Dr. Jane Rylett as the new Scientific Director of CIHR's Institute of Aging. This appointment will be effective August 1, 2019.
- On April 15, 2019, Dr. Michael J. Strong, President of CIHR, announced that the 2018–19 Foundation Grant competition would be the last competition for this program.

Approval by Senior Officials

Approved by:

[original signed by]

[original signed by]

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

Dalia Morcos Fraser, CPA, CMA
Chief Financial Officer

Ottawa, Canada
August 29, 2019

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5. Statement of Authorities (unaudited)

For the quarter ended June 30, 2019

<i>(in thousands of dollars)</i>	Fiscal year 2019-2020			Fiscal year 2018-2019		
	Total available for use for the year ending March 31, 2020 *	Used during the quarter ended June 30, 2019	Year to date used at quarter-end	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
Vote 1 – Operating expenditures	57,806	13,508	13,508	52,909	13,315	13,315
Vote 5 - Grants	1,113,975	197,123	197,123	1,043,857	188,259	188,259
Budgetary statutory authorities						
Contributions to employee benefit plans	6,829	1,701	1,701	5,667	1,417	1,417
Total budgetary authorities	1,178,610	212,332	212,332	1,102,433	202,991	202,991

* 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, 2019

	Fiscal year 2019-2020			Fiscal year 2018-2019		
	Planned expenditures for the year ending March 31, 2020 *	Expended during the quarter ended June 30, 2019	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2019 *	Expended during the quarter ended June 30, 2018	Year to date used at quarter-end
<i>(In thousands of dollars)</i>						
Expenditures:						
Personnel	51,397	12,886	12,886	42,951	11,637	11,637
Transportation and communications	4,701	675	675	5,725	1,501	1,501
Information	-	102	102	303	94	94
Professional and special services	5,965	431	431	6,912	638	638
Rentals	1,433	481	481	1,559	483	483
Repair and maintenance	34	-	-	51	-	-
Utilities, materials and supplies	191	3	3	272	2	2
Acquisition of machinery and equipment	914	3	3	803	224	224
Transfer payments	1,113,975	197,123	197,123	1,043,857	188,259	188,259
Other subsidies and payments	-	628	628	-	153	153
Total budgetary expenditures	1,178,610	212,332	212,332	1,102,433	202,991	202,991

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