

Canadian Institutes of Health Research

Quarterly Financial Report for the Quarter Ended June 30, 2022

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 2022-23 [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.

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 CIHR 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 supplied thus far for the 2022-23 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 of Canada (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 supplied by the Main Estimates to date for fiscal year 2022-23, as well as budget adjustments approved by Treasury Board up to June 30, 2022.

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

As of June 30, 2022, total authorities available for use for CIHR have decreased by \$122.5 million (9.0%) compared to June 30, 2021 as shown in the table below. This decrease is mainly due to a steady decrease in COVID-19 related funding, offset by new funding and increases to existing funding as follows:

- \$18.2 million of new funding for the Centre for Research on Pandemic Preparedness and Health Emergencies;
- \$14.9 million of new funding for pediatric cancer research;
- \$4.0 million of new funding for diabetes prevention research and surveillance;
- \$2.2 million in new funding for supporting mental health affected by COVID-19;
- \$0.6 million increase in net transfers from other government departments for specific programs and initiatives;
- \$0.1 million increase in funding for cervical cancer research;
- \$0.4 million decrease in funding related to Gairdner Foundation activities;
- \$0.5 million decrease in funding due to various immaterial adjustments;
- \$1.0 million decrease in the operating travel budget as proposed in Budget 2021;
- \$2.5 million decrease in funding related to climate change research;
- \$32.1 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 more funds in 2022-23 for College and Community Innovation Program (\$0.8 million) and, less funds for the Business Led Network Centres of Excellence (\$0.9 million), Canada Excellence Research Chairs (\$1.0 million), Centres of Excellence Commercialization and Research (\$3.1 million), Network Centres of Excellence (\$12.1 million) and the Canada First Research Excellence Fund (\$15.7 million).
Of note, the research and commercialization activities of the Centres of Excellence for Commercialization and Research, and the Business Led Networks of Centres of Excellence programs are being consolidated and transferred to the Strategic Innovation Fund. As well, funding for the Network Centres of Excellence program is gradually being transitioned to the New Frontiers in Research Fund; and
- \$126.0 million decrease in funding for medical countermeasures related to COVID-19 research.

Total authorities used as of June 30, 2022 decreased by \$6.1 million (2.1%) compared to the prior fiscal year due mainly to the aforementioned decrease in COVID-19 related funding. CIHR has used 22.3% (20.8% in 2021-22) 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)

	2022-23			2021-22			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	64,901	15,482	23.9%	62,872	14,109	22.4%	3.2%	9.7%
Vote 5 - Grants	1,169,851	259,773	22.2%	1,294,868	267,358	20.6%	(9.7%)	(2.8%)
Statutory Authorities – Employee benefits plan	7,733	1,933	25.0%	7,206	1,802	25.0%	7.3%	7.3%
Total	1,242,485	277,188	22.3%	1,364,946	283,269	20.8%	(9.0%)	(2.1%)

Vote 1 – Operating Expenditures

Total authorities available for use for Vote 1 - Operating expenditures increased by \$2.0 million (3.2%) as at June 30, 2022 compared to the prior fiscal year.

This increase is due to:

- \$2.7 million of new funding for the Centre for Research on Pandemic Preparedness and Health Emergencies;
- \$0.6 million of new funding for pediatric cancer research;
- \$0.3 million in new funding for supporting mental health affected by COVID-19;
- \$0.2 million of new funding for diabetes prevention research and surveillance;
- \$0.2 million decrease in funding for climate change research;
- \$0.6 million decrease in net transfers from other government departments for specific programs and initiatives; and,
- \$1.0 million decrease in the operating travel budget as proposed in Budget 2021.

Authorities used during the first quarter for Vote 1 – Operating Expenditures authorities have increased by \$1.4 million (9.7%) as compared to the prior fiscal year. This variance is primarily due to an increase in personnel costs as a result of the yearly salary increase (\$1.0M), and an increase in the rental of software licenses (\$0.5M), as software vendors move to a more subscription based/rental model. This increase is offset by a minor decrease in the acquisition of machinery and equipment expenditures. The percentage of operating authorities used has increased from the prior year (23.9% and 22.4% respectively) as a result of the aforementioned reasons.

Overall spending as of June 30, 2022 is consistent with CIHR management expectations.

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Vote 5 – Grants

Authorities available for use for Vote 5 – Grants as of June 30, 2022 were \$1,169.9 million and included funding for the following transfer payment programs:

- Grants for research projects and personnel support – \$1,062.1 million
- Canada Graduate Scholarships (CGS) – \$35.5 million
- Canada First Research Excellence Fund (CFREF) – \$28.1 million
- Institute support grants – \$14.7 million
- Vanier Canada Graduate Scholarships – \$8.4 million
- Networks of Centres of Excellence (NCE) – \$5.6 million
- Canada Excellence Research Chairs (CERC) – \$5.6 million
- Centres of Excellence for Commercialization and Research (CECR) – \$4.1 million
- Canada 150 Research Chairs (C150) – \$2.7 million
- College and Community Innovation Program (CCI) – \$1.6 million
- Business–Led Networks of Centres of Excellence (BL-NCE) – \$1.5 million

Vote 5 authorities available for use decreased by \$125.0 million (9.7%) as of June 30, 2022 as compared to the prior fiscal year. This decrease is in large part due to the steady decrease in COVID-19 related funding, offset by new funding and increases to existing funding as follows.

- \$15.0 million of new funding for the Centre for Research on Pandemic Preparedness and Health Emergencies;
- \$14.1 million of new funding for pediatric cancer research;
- \$3.8 million of new funding for diabetes prevention research and surveillance;
- \$1.9 million in new funding for supporting mental health affected by COVID-19;
- \$1.2 million increase in net transfers from other government departments for specific programs and initiatives;
- \$0.1 million increase in funding for cervical cancer research;
- \$0.3 million decrease in funding due to various immaterial adjustments;
- \$0.4 million decrease in funding related to Gairdner Foundation activities;
- \$2.3 million decrease in funding related to climate change research (targeted funding for this program has now sunset);
- \$32.1 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 more funds in 2022-23 for College and Community Innovation Program (\$0.8 million) and, less funds for the Business Led Network Centres of Excellence (\$0.9 million), Canada Excellence Research Chairs (\$1.0 million), Centres of Excellence Commercialization and Research (\$3.1 million), Network Centres of Excellence (\$12.1 million) and the Canada First Research Excellence Fund (\$15.7 million).
Of note, the research and commercialization activities of the Centres of Excellence for Commercialization and Research, and the Business Led Networks of Centres of Excellence programs are being consolidated and transferred to the Strategic Innovation Fund. As well, funding for the Network Centres of Excellence program is gradually being transitioned to the New Frontiers in Research Fund; and

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- \$126.0 million decrease in funding for medical countermeasures related to COVID-19 related research.

Grant authorities used during the first quarter of 2022-23 decreased by \$7.6 million (2.8%) compared to the prior fiscal year quarter due to decreased grant payments resulting from decreased COVID-19 related funding. The percentage of grant authorities used is consistent with the prior year (22.2% and 20.6% respectively) as grants are typically paid out in monthly installments throughout the year.

Overall spending as of June 30, 2022 is consistent with CIHR management expectations.

Statutory Authorities

Contribution to employee benefit plans

Budgetary statutory authorities representing CIHR's contribution to employee benefit plans available for use increased year over year by \$0.5 million (7.3%). The increase to CIHR's statutory authorities available is due to:

- \$0.5 million of new funding for the Centre for Research on Pandemic Preparedness and Health Emergencies;
- \$0.2 million of new funding for pediatric cancer research; and,
- \$0.2 million decrease in funding due to various immaterial adjustments.

Actual spending for statutory authorities in the first quarter of 2022-23 is 25.0% of the total available authorities for use for the year, which is consistent with CIHR management expectations given that this expenditure is distributed equally throughout the fiscal year.

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

As of June 30, 2022, total authorities available for use by CIHR decreased by \$122.5 million (9.0%) compared to the prior fiscal year. This decrease is in large part due to the steady decrease in COVID-19 related funding. Total authorities used as of June 30, 2022 decreased by \$6.1 million (2.1%) compared to the prior fiscal year. These variances 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.

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

	2022-23			2021-22			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	59,290	15,739	26.5%	55,898	14,717	26.3%	6.1%	6.9%
Other Operating Expenditures	13,344	1,676	12.6%	14,180	1,194	8.4%	(5.9%)	40.4%
Transfer Payments	1,169,851	259,773	22.2%	1,294,868	267,358	20.6%	(9.7%)	(2.8%)
Total	1,242,485	277,188	22.3%	1,364,946	283,269	20.8%	(9.0%)	(2.1%)

Personnel and Other Operating Expenditures

Authorities available for Personnel Expenditures for the period ended June 30, 2022 increased by \$3.4 million (6.1%) as compared to the prior year. Authorities available for Other Operating Expenditures decreased by \$0.8 million (5.9%). These variances are due to:

- \$2.4 million (Personnel) and \$0.8 million (Other) of new funding for the Centre for Research on Pandemic Preparedness and Health Emergencies;
- \$0.8 million (Personnel) of new funding for pediatric cancer research;
- \$0.2 million (Personnel) and \$0.1 million (Other) of new funding for supporting mental health affected by COVID-19;
- \$0.1 million (Personnel) and \$0.1 million (Other) of new funding for diabetes prevention research and surveillance;
- \$0.1 million (Personnel) increase and \$0.7 million decrease (Other) in net transfers from other government departments for specific programs and initiatives;
- \$0.1 million (Personnel) decrease and \$0.1 million (Other) decrease in funding related to climate change research;
- \$0.1 million (Personnel) decrease due to other immaterial adjustments; and,
- \$1.0 million (Other) decrease in the operating travel budget as proposed in Budget 2021.

Personnel authorities used in the first quarter increased by \$1.0 million (6.9%) compared to the prior fiscal year, mainly due to the yearly salary increase. The percentage of authorities used for Personnel Expenditures in the first quarter (26.5%) is reasonable for this type of expenditure and is consistent with the prior year (26.3%).

Other Operating Expenditures used in the first quarter increased by \$0.5 million (40.4%) compared to the prior fiscal year. This increase is primarily due to increased spending related to higher rental of software licenses, as software vendors move to a subscription based/rental model.

Overall spending as of June 30, 2022 is consistent with CIHR management expectations.

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Transfer Payments

Authorities available for the period ended June 30, 2022 decreased by \$125.0 million (9.7%) over the prior year due primarily to the decrease in COVID-19 related funding in the first quarter of 2022-23 compared to the first quarter of 2021-22. Authorities used during the quarter ended June 30, 2022 decreased by \$7.6 million (2.8%) compared to the prior fiscal year due to decreased grant payments resulting from decreased COVID-19 related funding. The percentage of grant authorities used in the first quarter of 2022-23 (22.2%) is similar to the authorities used in the first quarter of 2021-22 (20.6%).

2.3 Other Non-Financial Highlights

Other non-financial highlights for the first quarter of 2022-23 include:

- On April 25, Minister Duclos [announced](#) the funding of a new pediatric COVID-19 research platform called the Pediatric Outcome Improvement through Coordination of Research Networks (POPCORN). This platform will support 16 research sites in pediatric hospitals across the country and facilitate the sharing of COVID-19 information between these sites to ensure a coordinated research response.
- On May 3, Parliamentary Secretary Adam van Koevorden [announced](#) the funding of a new national research network, called the Canadian Heart Function Alliance, that will focus on improving the prevention, diagnosis, treatment, and care of heart failure across the country.
- On June 3, Minister Bennett [announced](#) the renewal of funding for the Canadian Research Initiative on Substance Misuse (CRISM), a national research network that supports substance use research and mobilizes evidence into clinical practice, community-based intervention, harm reduction and health system changes.
- On June 22, Minister Duclos [officially launched](#) the Clinical Trials Fund, a component of Canada's Biomanufacturing and Life Sciences Strategy. This initiative aims to strengthen the clinical trials infrastructure in Canada and support the training of new clinical researchers.

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 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.

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CIHR developed its 2021-22 and 2022-23 CRP in fall 2021 that focuses on the key strategic, operational, and horizontal risks across the organization. Key risks identified in the 2021-22 and 2022-23 CRP are as follows.

Risk 1 - Organizational Capacity

There is a risk that as the organization embraces a broader mandate within the evolving health research ecosystem, it will impact its ability to deliver optimally on its mandate.

CIHR's Planning Evaluation and Results branch, established in 2021, is leading the organization's integrated planning process to enable CIHR to effectively plan by implementing a prioritization process that enables the execution of operational resource requirements across the organization.

The first two integrated planning cycles have built in cross-organizational planning and priority setting as foundational elements and provided key learnings to inform the next phase of improvements – allowing CIHR to continue to grow its planning and prioritization maturity. Integrated Planning is allowing CIHR to strategically prioritize its work, and ensure commitments are aligned with capacity while supporting employee wellbeing.

The organizational structure of CIHR has been updated to reflect changes to CIHR's business model, with the development of new business units underway or nearing completion. Corporate Services areas continue to address key areas related to: critical and emerging staffing requirements; improving IT systems and equipment deployment; sound financial stewardship of resources and the review of governance structures in support of effective and efficient delivery of strategic actions and core functions throughout the pandemic.

Risk 2 - Effective Cyber Security Solutions

There is a risk that successful cyber attacks on CIHR will compromise CIHR's assets and researchers' intellectual property and disrupt CIHR's ability to deliver on programs defined by the CIHR Act.

CIHR continues to deliver its core business by leveraging its existing IT infrastructure and deploying new IT solutions to support pandemic-impacted business functioning. CIHR continues to explore technological innovations to ensure business continuity and uninterrupted service delivery, such as the deployment of Host Based sensors for enhanced monitoring. The Digital and Security Services (DSS) branch has refreshed the CIHR Department Security Plan and is continuing implementation of controls moving forward to address key gaps as identified in the plan.

Risk 3 - Delivery of the Strategic Plan Year 1 and 2 Action Plans

There is a risk that the context of the continuing pandemic could lead to an inability to fully implement some activities in year 1 and 2 of the 2021-31 Strategic Plan

A detailed monitoring and reporting process has been developed to support progress tracking of the activities that support implementation of the Strategic Plan including designated accountable

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leads for each priority. This process includes the establishment of a workplan for each Strategic Plan priority, mid-year progress reports, and year-end report development summarizing achievements of previous years' actions for internal and external audiences.

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

Since the Quarterly Financial Report (for the quarter ended December 31, 2021), the following changes in relation to operations, personnel and programs have occurred:

Effective February 21st, 2022, Christian Baron joined CIHR as the new Vice-President, Research – Programs.

Effective February 21st, 2022, Dr. Tammy Clifford transitioned to the new Vice-President, Learning Health Systems role.

Effective April 4th, 2022, Jeff Moore joined CIHR as the new Associate Vice-President, Government and External Relations.

Effective April 25th, 2022, Rhonda Kropp joined CIHR as the new Associate Vice-President, Research – Strategy.

Effective May 30th, 2022, Dalia Morcos Fraser left the role of Chief Financial Officer (CFO). Catherine MacLeod (Executive Vice-President) has assumed the role of Interim CFO.

Approval by Senior Officials

Approved by:

[original signed by]

[original signed by]

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

Catherine MacLeod
Interim Chief Financial Officer

Ottawa, Canada
August 29, 2022

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5. Statement of Authorities (unaudited)

For the quarter ended June 30, 2022

<i>(in thousands of dollars)</i>	Fiscal year 2022-23			Fiscal year 2021-22		
	Total available for use for the year ending March 31, 2023 *	Used during the quarter ended June 30, 2022	Year to date used at quarter-end	Total available for use for the year ending March 31, 2022 *	Used during the quarter ended June 30, 2021	Year to date used at quarter-end
Vote 1 – Operating expenditures	64,901	15,482	15,482	62,872	14,109	14,109
Vote 5 - Grants	1,168,851	259,773	259,773	1,294,868	267,358	267,358
Budgetary statutory authorities						
Contributions to employee benefit plans	7,733	1,933	1,933	7,206	1,802	1,802
Total budgetary authorities	1,242,485	277,188	277,188	1,364,946	283,269	283,269

* 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, 2022

<i>(In thousands of dollars)</i>	Fiscal year 2022-23			Fiscal year 2021-22		
	Planned expenditures for the year ending March 31, 2023 *	Expended during the quarter ended June 30, 2022	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2022 *	Expended during the quarter ended June 30, 2021	Year to date used at quarter-end
Expenditures:						
Personnel	59,290	15,739	15,739	55,898	14,717	14,717
Transportation and communications	3,152	16	16	4,496	33	33
Information	465	74	74	706	77	77
Professional and special services	6,791	523	523	4,627	474	474
Rentals	2,285	963	963	2,219	460	460
Repair and maintenance	80	37	37	35	39	39
Utilities, materials and supplies	234	-	-	802	2	2
Acquisition of machinery and equipment	337	8	8	1,295	105	105
Transfer payments	1,169,851	259,773	259,773	1,294,868	267,358	267,358
Other subsidies and payments	-	55	55	-	4	4
Total budgetary expenditures	1,242,485	277,188	277,188	1,364,946	283,269	283,269

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