



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



Canadian Institutes of Health Research

Quarterly Financial Report
for the Quarter Ended September 30, 2023

Canadian Institutes of Health Research

Quarterly Financial Report for the Quarter Ended September 30, 2023

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 2023-24 [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 2023-24 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 2023-24, as well as budget adjustments approved by Treasury Board up to September 30, 2023.

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

As of September 30, 2023, total authorities available for use for CIHR have increased by \$88.5 million (7.1%) compared to September 30, 2022 as shown in figure 2.1.1. below. The increase to CIHR's total authorities available is due to:

- \$55.6 million in net new funding for the Clinical Trials fund, including a reduction in available 2023-24 authorities due to a reprofiling of funds completed in the second quarter of the fiscal year;
- \$14.3 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 more funds in 2023-24 for the Canada First Research Excellence Fund (\$19.1 million), Canada Excellence Research Chairs (\$6.0 million), and less funds for the College and Community Innovation Program (\$0.1 million), the Business Led Network Centres of Excellence (\$1.0 million), Centres of Excellence for Commercialization and Research (\$4.1 million), and the Network Centres of Excellence (\$5.6 million).
- \$7.4 million of new funding for the National Strategy for Drugs for Rare Diseases;
- \$4.9 million increase in funding for long-term health impacts of COVID-19;
- \$4.3 million increase in funding for the National Women's Health Research Initiative;
- \$3.2 million increase in net transfers from other government departments for specific programs and initiatives;
- \$3.1 million of new funding for Dementia and Brain Health in Aging;
- \$2.6 million increase in funding for Canada's Black students and postdoctoral fellows;
- \$0.5 million increase in funding due to various immaterial adjustments;
- \$0.5 million decrease in funding for the Canada Research Chairs;
- \$0.7 million decrease due to employee benefit plan adjustments from the Treasury Board Secretariat;
- \$1.0 million decrease due to reductions to travel and professional services through Budget 2023;
- \$2.2 million decrease in funding for supporting mental health affected by COVID-19; and
- \$3.0 million decrease in funding for post-traumatic stress disorder research.

Total authorities used as of September 30, 2023 increased by \$47.7 million (8.8%) compared to the prior fiscal year due mainly to grant payments made related to the increased funding mentioned above. CIHR has used 44.4% (43.8% in 2022-23) of its available authorities through the second quarter which is consistent with its annual spending pattern.

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Figure 2.1.1. Total annual authorities available and cumulative authorities used.
 (\$ thousands)



Table 2.1.1 – Changes to annual authorities available and cumulative authorities used by vote.
 (\$ thousands)

	2023-24			2022-23			Variance	
	Annual authorities available	Cumulative authorities used (as at September 30)	% used	Annual authorities available	Cumulative authorities used (as at September 30)	% used	(1) vs (3)	(2) vs (4)
	(1)	(2)		(3)	(4)			
Vote 1 - Operating Expenditures	73,737	35,697	48.4%	68,044	32,581	47.9%	8.4%	9.6%
Vote 5 – Grants	1,251,511	552,686	44.2%	1,169,787	508,656	43.5%	7.0%	8.7%
Statutory Authorities – Employee benefits plan	8,866	4,433	50.0%	7,733	3,867	50.0%	14.7%	14.6%
Total	1,334,114	592,816	44.4%	1,245,564	545,104	43.8%	7.1%	8.8%

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Figure 2.1.2 Total annual authorities available and authorities used by quarter.
(\$ thousands)

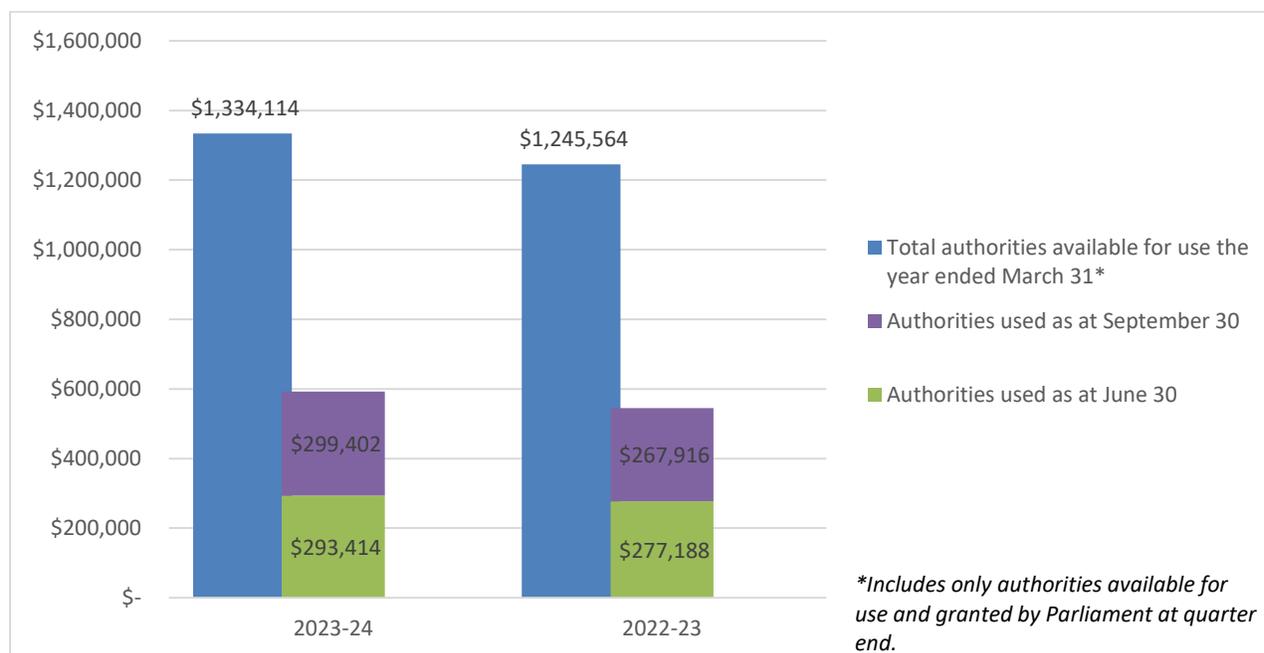


Table 2.1.2 – Changes to annual authorities available and authorities used during the second quarter by vote
(\$ thousands)

	2023-24			2022-23			Variance	
	Annual authorities available	Q2 authorities used	% used	Annual authorities available	Q2 authorities used	% used	(1) vs (3)	(2) vs (4)
	(1)	(2)		(3)	(4)			
Vote 1 - Operating Expenditures	73,737	18,124	24.6%	68,044	17,100	25.1%	8.4%	6.0%
Vote 5 – Grants	1,251,511	279,062	22.3%	1,169,787	248,883	21.3%	7.0%	12.1%
Statutory Authorities – Employee benefits plan	8,866	2,216	25.0%	7,733	1,933	25.0%	14.7%	14.6%
Total	1,334,114	299,402	22.4%	1,245,564	267,916	21.5%	7.1%	11.8%

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Vote 1 – Operating Expenditures

Total authorities available for use for Vote 1 - Operating expenditures increased by \$5.7 million (8.4%) as at September 30, 2023 compared to the prior fiscal year.

This increase is due to:

- \$4.1 million of new funding for the Clinical Trials fund;
- \$0.8 million of new funding for the National Strategy for Drugs for Rare Diseases;
- \$0.7 million increase in funding for the National Women’s Health Research Initiative;
- \$0.5 million of new funding for Dementia and Brain Health in Aging;
- \$0.5 million increase in funding due to various immaterial adjustments;
- \$0.4 million increase in funding for long-term health impacts of COVID-19;
- \$0.2 million increase in funding for Canada’s Black students and postdoctoral fellows;
- \$0.1 million decrease in net transfers from other government departments for specific programs and initiatives;
- \$0.2 million decrease in funding for post-traumatic stress disorder research;
- \$0.2 million decrease in funding for supporting mental health affected by COVID-19; and
- \$1.0 million decrease due to reductions to travel and professional services through Budget 2023.

Authorities used through the second quarter for Vote 1 – Operating Expenditures authorities have increased by \$3.1 million (9.6%) as compared to the prior fiscal year. This variance is primarily due to a \$2.5 million increase in personnel costs due to an increased employee count, a \$0.5 million increase in expenditures for rentals (more specifically cloud services and yearly software licenses), a \$0.3 million increase in professional and special services (for example, management consulting fees and protection services), as well as a \$0.2 million increase in transportation and communication costs as a result of increased staff travel and increased data communication costs. This increase is offset by minor decreases in information services (such as e-subscriptions) and other miscellaneous operating costs totaling \$0.4 million. The percentage of operating authorities used has increased from the prior year (48.4% and 47.9% respectively) because of the aforementioned reasons.

Overall spending as of September 30, 2023 is consistent with CIHR management expectations.

Vote 5 – Grants

Authorities available for use for Vote 5 – Grants as of September 30, 2023 were \$1,251.5 million and included funding for the following transfer payment programs:

- Grants for research projects and personnel support – \$1,124.8 million
- Canada First Research Excellence Fund (CFREF) – \$47.2 million
- Canada Graduate Scholarships (CGS) – \$39.0 million
- Institute support grants – \$15.8 million
- Canada Excellence Research Chairs (CERC) – \$11.6 million
- Vanier Canada Graduate Scholarships – \$8.4 million
- Canada 150 Research Chairs (C150) – \$2.7 million
- College and Community Innovation Program (CCI) – \$1.6 million
- Business–Led Networks of Centers of Excellence (BL-NCE) – \$0.4 million

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Vote 5 authorities available for use increased by \$81.7 million (7.0%) as of September 30, 2023 as compared to the prior fiscal year. This increase is due to the following:

- \$50.3 million of net new funding for the Clinical Trials fund;
- \$14.3 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 more funds in 2023-24 for the Canada First Research Excellence Fund (\$19.1 million), Canada Excellence Research Chairs (\$6.0 million), and, less funds for the College and Community Innovation Program (\$0.1 million), the Business Led Network Centres of Excellence (\$1.0 million), Centres of Excellence for Commercialization and Research (\$4.1 million), and the Network Centres of Excellence (\$5.6 million).
- \$6.4 million of new funding for the National Strategy for Drugs for Rare Diseases;
- \$4.4 million increase in funding for long-term health impacts of COVID-19;
- \$3.4 million increase in funding for the National Women's Health Research Initiative;
- \$3.3 million increase in net transfers from other government departments for specific programs and initiatives;
- \$2.5 million of new funding for Dementia and Brain Health in Aging;
- \$2.3 million increase in funding for Canada's Black students and postdoctoral fellows;
- \$0.5 million decrease in funding for the Canada Research Chairs;
- \$1.9 million decrease in funding for supporting mental health affected by COVID-19; and
- \$2.8 million decrease in funding for post-traumatic stress disorder research.

Grant authorities used through the second quarter of 2023-24 increased by \$44.0 million (8.7%) compared to the prior fiscal year due to grant payments related to the increased funding mentioned above. The percentage of grant authorities used is consistent with the prior year (44.2% and 43.5% respectively) as grants are typically paid out in monthly installments throughout the year.

Overall spending as of September 30, 2023 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 \$1.1 million (14.7%). The increase to CIHR's statutory authorities available is due to:

- \$1.1 million of new funding for the Clinical Trials fund;
- \$0.2 million of new funding for the National Strategy for Drugs for Rare Diseases;
- \$0.2 million increase in funding for the National Women's Health Research Initiative;
- \$0.1 million increase in funding for long-term health impacts of COVID-19;
- \$0.1 million of new funding for Dementia and Brain Health in Aging;
- \$0.1 million increase in funding for Canada's Black students and postdoctoral fellows;
- \$0.1 million increase in funding due to various immaterial adjustments;
- \$0.1 million decrease in funding for supporting mental health affected by COVID-19; and,
- \$0.7 million decrease due to employee benefit plan adjustments from the Treasury Board Secretariat.

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Actual spending for statutory authorities in the second quarter of 2023-24 is 50.0% 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 September 30, 2023, total authorities available for use by CIHR increased by \$88.6 million (7.1%) compared to the prior fiscal year. Total authorities used as of September 30, 2023 increased by \$47.7 million (8.8%) 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.

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

	2023-24			2022-23			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*	66,621	35,886	53.9%	59,290	33,399	56.3%	12.4%	7.4%
Other Operating Expenditures	15,982	4,244	26.6%	16,487	3,049	18.5%	(3.1%)	39.2%
Transfer Payments	1,251,511	552,686	44.2%	1,169,787	508,656	43.5%	7.0%	8.7%
Total	1,334,114	592,816	44.4%	1,245,564	545,104	43.8%	7.1%	8.8%

* Personnel includes statutory authorities provided for the employee benefit plan

Table 2.2.2 – Changes to annual authorities available and authorities used during the second quarter by expenditure type
(\$ thousands)

	2023-24			2022-23			Variance	
	Annual authorities available	Q2 authorities used	% used	Annual authorities available	Q2 authorities used	% used	(1) vs (3)	(2) vs (4)
	(1)	(2)		(3)	(4)			
Personnel*	66,621	18,215	27.3%	59,290	17,660	29.8%	12.4%	3.1%
Other Operating Expenditures	15,982	2,125	13.3%	16,487	1,373	8.3%	(3.1%)	54.8%
Transfer Payments	1,251,511	279,062	22.3%	1,169,787	248,883	21.3%	7.0%	12.1%
Total	1,334,114	299,402	22.4%	1,245,564	267,916	21.5%	7.1%	11.8%

* Personnel includes statutory authorities provided for the employee benefit plan

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Personnel and Other Operating Expenditures

Authorities available for Personnel Expenditures for the period ended September 30, 2023 increased by \$7.3 million (12.4%) as compared to the prior year. Authorities available for Other Operating Expenditures decreased by \$0.5 million (3.1%). These variances are due to:

- \$4.9 million (Personnel) and \$0.4 million (Other) of new funding for the Clinical Trials fund;
- \$0.9 million (Personnel) and \$0.1 million (Other) of new funding for the National Strategy for Drugs for Rare Diseases;
- \$0.8 million (Personnel) and \$0.1 million (Other) increase in funding for the National Women's Health Research Initiative;
- \$0.6 million (Personnel) of new funding for Dementia and Brain Health in Aging;
- \$0.5 million (Personnel) increase in funding for long-term health impacts of COVID-19;
- \$0.4 million (Personnel) and \$0.1 million (Other) increase due to other immaterial adjustments;
- \$0.3 million (Personnel) increase in funding for Canada's Black students and postdoctoral fellows;
- \$0.1 million (Personnel) decrease in net transfers from other government departments for specific programs and initiatives;
- \$0.1 million (Personnel) and \$0.1 million (Other) decrease in funding for post-traumatic stress disorder research;
- \$0.2 million (Personnel) and \$0.1 million (Other) decrease in funding for supporting mental health affected by COVID-19; and,
- \$0.7 million (Personnel) decrease due to employee benefit plan adjustments from the Treasury Board Secretariat.
- \$1.0 million (Other) decrease due to reductions to travel and professional services through Budget 2023.

Personnel authorities used through the second quarter increased by \$2.5 million (7.4%) compared to the prior fiscal year, mainly due to an increased employee count. The percentage of authorities used for Personnel Expenditures in the second quarter (53.9%) is reasonable for this type of expenditure and is consistent with the prior year (56.3%).

Other Operating Expenditures used through the second quarter increased by \$1.2 million (39.2%) compared to the prior fiscal year due to a \$0.5 million increase in expenditures for rentals (more specifically cloud services and yearly software licenses), a \$0.3 million increase in professional and special services (for example, management consulting fees and protection services), \$0.2 million increase in transportation and communication costs as a result of increased staff travel and increased data communication costs and less significant increases for materials and supplies (\$0.1 million) and the acquisition of machinery and equipment (\$0.1 million).

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

Transfer Payments

Authorities available for the period ended September 30, 2023 increased by \$81.7 million (7.0%) over the prior year due primarily to the net re-profiled funds from fiscal year 2022-23 for the Clinical Trials fund, as well as, increases to existing funding and funding for new programs. Authorities used through the quarter ended September 30, 2023 increased by \$44.0 million (8.7%) compared to the prior fiscal. The percentage of grant authorities used up to the second quarter of 2023-24 (44.2%) is similar to the authorities used in the second quarter of 2022-23 (43.5%).

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2.3 Other Non-Financial Highlights

Other non-financial highlights for the second quarter of 2023-24 include:

- On July 26, the Honourable Mark Holland was appointed as the Minister of Health and the Honourable Ya'ara Saks was appointed as the Associate Minister of Health.
- On July 27, Parliamentary Secretary Adam van Koeverden [announced](#) funding for research on type 1 diabetes through a partnership between CIHR and JDRF Canada.
- On August 24, Minister Holland and Minister Ien [announced](#) funding for ten new virtual research hubs under the National Women's Health Research Initiative.

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. In 2023–24, CIHR developed a new Corporate Risk Profile (CRP) through a cross-organizational consultation process led by an external consultant firm to identify current risks for the Agency. The CRP provides a proactive response to manage and monitor risks to ensure CIHR's ability to deliver on its mandate. The key risks identified for implementation in 2023–24 and 2024–25 are as follows.

Risk 1 - Corporate Prioritization

There is a risk that CIHR's current corporate prioritization process may cause it to establish new priorities without preplanning to ensure the necessary resources (e.g., infrastructure, staff, funding) are available thus risking the viability of initiatives, programs and Agency plans as well as expending available resources beyond sustainable levels.

Risk 2 - CIHR/Institutes' Authorities, Roles, and Responsibilities

There is a risk that the lack of a clear governance framework within CIHR and between CIHR and the Institutes including the authorities, roles, and responsibilities may cause an important misalignment between who is accountable for what, and how decisions are made, leading to potential reputational damage to CIHR as well as inefficient decision-making and use of limited resources.

Risk 3 - Tri-Agency Grants Management Solution (TGMS)

There is a risk that CIHR's current issues in sustaining the ongoing TGMS initiative could result in the failure of the TGMS project itself (or unacceptable delays in its operational delivery), thus leading to a significant loss of confidence in CIHR's role as an innovative leader in the health research eco-system.

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Risk 4 – Cybersecurity

There is a risk that CIHR's current IM/IT infrastructure (e.g., systems, software) and support framework (e.g., strategies, policies, procedures, expertise) may allow for significant cybersecurity incidents affecting confidentiality, integrity, and availability of services (core and/or critical).

Risk 5 – Research Funding Integrity

There is a risk that the lack of a clearly defined, widely understood, and strictly applied research funding delivery framework compliant with applicable policy requirements (CIHR policies, Central Agency policies) may result in an uneven and/or non-compliant application of the research funding delivery process. This may significantly impact the process' integrity as well as CIHR's overall reputation and financial management autonomy.

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

Dr. Michael Strong completed his term as CIHR President on September 30, 2023. Executive Vice-President Catherine MacLeod's 90-day maximum term as acting President ended on October 8. CIHR's Governing Council appointed Tammy Clifford, Vice-President, Research – Learning Health Systems, acting President, effective October 9, for a period not to exceed 90 days as authorized under the CIHR Act.

On April 1st, 2023 CIHR transitioned away from Freebalance, its previous financial system, to a new system named "System Applications and Products in Data Processing (widely known as SAP)". CIHR has joined a cluster of other government departments that are hosted and serviced on SAP by the Treasury Board Secretariat (TBS).

Budget 2023 proposes to reduce spending on consulting, other professional services, and travel by roughly 15 per cent of planned 2023-24 discretionary spending in these areas. This will result in savings starting in 2023-24. The government will focus on targeting these reductions on professional services, particularly management consulting.

Budget 2023 also proposes to phase in a roughly 3 per cent reduction of eligible spending by departments and agencies by 2026-27. This will reduce government spending over four years, starting in 2024-25.

CIHR is currently revising its spending plans in accordance with this guidance from the Treasury Board Secretariat and the Department of Finance.

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Approval by Senior Officials

Approved by:

[original signed by]

[original signed by]

Tammy Clifford
Acting President

Jimmy Fecteau, MBA, CPA, CMA
Chief Financial Officer

Ottawa, Canada
November 29, 2023

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5. Statement of Authorities *(unaudited)*

For the quarter ended September 30, 2023

<i>(in thousands of dollars)</i>	Fiscal year 2023-24			Fiscal year 2022-23		
	Total available for use for the year ending March 31, 2024 *	Used during the quarter ended September 30, 2023	Year to date used at quarter-end	Total available for use for the year ending March 31, 2023 *	Used during the quarter ended September 30, 2021	Year to date used at quarter-end
Vote 1 – Operating expenditures	73,737	18,124	35,697	68,044	17,100	32,581
Vote 5 - Grants	1,251,511	279,062	552,686	1,169,787	248,883	508,656
Budgetary statutory authorities						
Contributions to employee benefit plans	8,866	2,216	4,433	7,733	1,933	3,867
Total budgetary authorities	1,334,114	299,402	592,816	1,245,564	267,916	545,104

* 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 September 30, 2023

	Fiscal year 2023-24			Fiscal year 2022-23		
	Planned expenditures for the year ending March 31, 2024 *	Expended during the quarter ended September 30, 2023	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2023 *	Expended during the quarter ended September 30, 2022	Year to date used at quarter-end
<i>(In thousands of dollars)</i>						
Expenditures:						
Personnel	66,621	18,215	35,886	59,290	17,660	33,399
Transportation and communications	853	141	373	3,481	122	138
Information	845	104	150	635	145	219
Professional and special services	9,906	1,222	1,746	8,738	918	1,440
Rentals	3,276	501	1,667	2,778	163	1,126
Repair and maintenance	44	(22)	26	86	4	41
Utilities, materials and supplies	301	40	124	284	9	9
Acquisition of machinery and equipment	757	139	155	485	50	59
Transfer payments	1,251,511	279,062	552,686	1,169,787	248,883	508,656
Other subsidies and payments	-	-	3	-	(38)	17
Total budgetary expenditures	1,334,114	299,402	592,816	1,245,564	267,916	545,104

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