



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

Canada

Canadian Institutes of Health Research

Quarterly Financial Report

For the quarter ended December 31, 2011

Canadian Institutes of Health Research

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1. Introduction

This quarterly financial report should be read in conjunction with the 2011-12 [Main Estimates](#), [Supplementary Estimates A](#) and [Supplementary Estimates B](#). It 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 has not been subject to an external audit or review.

The Canadian Institutes of Health Research (CIHR) is the Government of Canada's health research funding agency. Its objective is 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 Strategic Plan identifies five key health research priorities including 1) enhancing patient-oriented care and clinical results; 2) supporting a high-quality, accessible and sustainable healthcare system; 3) reducing health inequities of Aboriginal people and other vulnerable populations including those in the North; 4) preparing for and responding to emerging threats to health; and 5) reducing the burden of chronic disease and mental illness.

Further details on CIHR's authority, mandate and program activities can be found in [Part II of the Main Estimates](#) and the [Report on Plans and Priorities](#).

Basis of Presentation

The 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*, the *Supplementary Estimates A* and the *Supplementary Estimates B* for the 2011-12 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 performance 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

Statement of Authorities

Available authorities

As of December 31, 2011, total authorities available for use for the Canadian Institutes of Health Research have decreased by approximately \$6.0 million to \$1.009 billion as compared to the prior fiscal year. This net decrease is a result of an authority decrease to Vote 20 - Operating expenditures (\$0.7M) and a decrease in Vote 25 – Grants (\$5.7M), offset by a minor increase in Statutory authorities (\$0.4M), as described below.

Total authorities available for use in Vote 20 (Operating expenditures) decreased by \$0.7M (1.4%) over the prior fiscal year. This decrease was largely due to the fact that CIHR did not carry forward any of its operating budget from 2010-11 into the 2011-12 year.

Authorities available for use for Vote 25 – Grants have decreased by \$5.7M (0.6%) compared to the prior year. Despite this net decrease, there were several programs which saw significant increases and decreases as compared to the previous fiscal year, as follows:

Increases in funding: (\$30.6M)

- \$14.0M of new funding announced in Budget 2011 to support advanced health-related research, such as the Strategy on Patient-Oriented Research;
- \$10.3M of new funding for the Centres of Excellence for Commercialization and Research program;
- \$2.8M of incremental funding for the Vanier Canada Graduate Scholarships program;
- \$1.9M of additional funding for the Drug Safety and Effectiveness Network; and
- \$1.6M for the newly created Banting Post Doctoral Fellowships program.

Decreases in funding: (\$36.3M)

- \$22.1M due to the 2008 Strategic Review, which resulted in the elimination of the Open Team Grants competition and the Intellectual Property Management funding program;
- \$8.0M decrease in temporary funding for the Canada Graduate Scholarships program as a result of the end of the Economic Action Plan;
- \$5.1M due to the sunsetting of the Pandemic Preparedness initiative; and
- \$1.1M from reduced transfers in from various government departments over the prior fiscal year.

Statutory authorities available for use increased year over year by \$0.4M as a result of minor adjustments made to employee benefit rates by Treasury Board.

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Authorities Used during the quarter ended December 31

Total authorities used for the three months ending December 31, 2011 have increased by \$3.1M (1.7%) to \$192.0M as compared to the same quarter in the prior year. The slight increase resulted from increased spending for Vote 25 – Grants of \$3.7M and \$0.1M for statutory authorities (e.g. employee benefits) offset by a reduction in spending in Vote 20 – Operating expenditures of \$0.7M.

The net increase in grant spending of \$3.7M for the third quarter in 2011-12 as compared to the prior year third quarter is due to increased and decreased expenditures in several grant programs, as follows:

Increases in third quarter spending: (\$7.8M)

- \$2.6M of increased expenditures for the Centres of Excellence for Commercialization and Research program;
- \$2.1M of increased expenditures for the Canada Excellence Research Chairs program;
- \$1.0M of increased expenditures for the Drug Safety and Effectiveness Network;
- \$0.7M of increased expenditures for the Vanier Canada Graduate Scholarships Program;
- \$0.5M of expenditures for the newly launched Banting Post Doctoral Fellowships program; and
- An additional net increase of \$0.9M, made up of several immaterial increases and decreases in other grant programs.

Decreases in third quarter spending: (\$4.1M)

- \$1.8M of decreased spending on Open Team Grants as a result of its elimination in the 2008 Strategic Review exercise;
- \$1.5M of reduced expenditures for the Canada Graduate Scholarships program, due to the winding-down of the Economic Action Plan in 2011-12; and
- \$0.8M of decreased spending on the federal Pandemic Preparedness Strategic Research Initiative due to the sunseting of the program at the end of 2010-11 fiscal year.

The \$0.7M (4%) decrease in expenditures to Vote 20 – Operating expenditures resulted primarily from greater constraint on discretionary expenditures in the third quarter of 2011-12.

Authorities Used year to date as at December 31

Total authorities used as at December 31, 2011 have decreased by \$6.5M (0.9%) to \$664.3M over the same three quarters in the prior fiscal year.

The decrease is largely a result of decreased spending for Vote 25 – Grants by \$7.4M, offset by increased spending on Vote 20 – Operating expenditures and Statutory authorities of \$0.6M and \$0.3M respectively.

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The net decrease in grant spending of \$7.4M year to date compared to the same period in the prior year is mainly due to:

Increases in year-to-date spending: (\$10.6M)

- \$6.3M of increased expenditures for the Canada Excellence Research Chairs program;
- \$2.6M of increased expenditures for the Centres of Excellence for Commercialization and Research program; and,
- \$1.7M of increased expenditures for the Vanier Canada Graduate Scholarships Program.

Decreases in year-to-date spending: (\$18.0M)

- \$7.4M decreased spending on Open Team Grants as a result of its elimination in the 2008 Strategic Review exercise;
- \$5.0M of decreased spending on the federal Pandemic Preparedness Strategic Research Initiative due to the sunseting of the program at the end of 2010-11 fiscal year;
- \$3.7M of reduced expenditures for the Canada Graduate Scholarships program, due to the winding-down of the Economic Action Plan in 2011-12;
- \$0.6M of decreasing spending on the federal International Polar Year Research Initiative, which sunsetted at the end of the 2010-11 fiscal year; and
- An additional net decrease of \$1.3M is made up of several immaterial increases and decreases in other grant programs.

The net increased spending of \$0.9M on Vote 20 – Operating expenditures (\$0.6M) and Statutory authorities (\$0.3M) through the first three quarters of 2011-12 resulted primarily from lower vacancy rates in 2011-12 as compared to 2010-11.

Actual authorities used in the first three quarters of 2011-12 for Vote 20 - Operating expenditures are 68.4% of total 2011-12 Authorities available. Actual authorities used for Vote 25 – Grants in the first three quarters of 2011-12 represent 65.6% of total 2011-12 Grants authorities available for use. These ratios are consistent with those from the prior fiscal year (2010-11) in which CIHR used virtually all Authorities made available by Parliament. In the prior fiscal year, CIHR had used 66.4% of its total Vote 20 – Operating expenditures Authorities and 66.0% of its Vote 25 – Grants Authorities available for use by the end of the third quarter.

CIHR typically disburses grants and awards payments on a bi-monthly basis (starting in May), and as such the proportion of Grant authorities used are highest in the second and fourth quarters of the fiscal year. As such, CIHR anticipates using the vast majority of its Parliamentary Authorities again this fiscal year. The pattern in which CIHR incurs expenditures is quite consistent on a year-to-year basis.

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Statement of Departmental Budgetary Expenditures by Standard Object

Total planned expenditures as of December 31, 2011, for the year ended March 31, 2012, have decreased by approximately \$6.0 million over the prior year. The decrease is primarily due to decreased planned Transfer payment expenditures of \$5.7M in 2011-12.

Actual expenditures for the three month period ended December 31, 2011 are slightly higher (\$3.1M or 1.7%) than the same period in the prior year. The majority of the increase is the result of increased Transfer payments of \$3.7M. Total Operating Expenditures for the three month period ended December 31, 2011 declined slightly (\$0.6M or 4.3%) due largely to a decrease in expenditures on Professional and special services of \$0.5M. Greater constraint was placed on discretionary expenditures at CIHR during the quarter.

Actual expenditures for the nine month period ending December 31, 2011 are \$6.5M (1.0%) lower than the same period in the prior year reflecting the decline in 2011-12 Parliamentary Authorities available for use. Once again, the majority of the decrease in expenditures is the result of a decrease to Transfer payments of \$5.7M due to expected decreases in program spending (as described above in the Authorities section). This decrease was offset by an increase to Personnel expenditures of \$1.5M for the nine month period due to lower vacancy rates in 2011-12 compared to 2010-11. The remaining Standard Objects remained fairly consistent period over period, with only minor increases and decreases.

3. Risks 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. CIHR is a knowledge-based organization and as such, relies on maintaining its talented and committed workforce to continue delivering programs and services.

In Budget 2010, the Minister of Finance announced that the operating budgets of departments, as appropriated by Parliament, would be frozen at their 2010-11 levels for the years 2011-12 and 2012-13. As a result CIHR has been managing this constraint through the following actions and mitigation strategies: CIHR has implemented a vacancy management exercise to control salary costs, the largest part of its operational budget. In an effort to offset the rising costs of peer review, CIHR has implemented various cost reduction options for travel and hospitality and will continue to monitor progress in these areas.

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

There have been no significant changes in relation to operations, personnel and programs over the last year.

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Approval by Senior Officials

Approved by:

Originally Signed by:

Originally Signed by:

Alain Beaudet, MD, PhD
President

James Roberge, CMA
Chief Financial Officer

Ottawa, Canada
February 22, 2012

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Statement of Authorities *(unaudited)* For the quarter ended December 31, 2011

<i>(in thousands of dollars)</i>	Fiscal year 2011-2012			Fiscal year 2010-2011		
	Total available for use for the year ending March 31, 2012 *	Used during the quarter ended December 31, 2011	Year to date used at quarter-end	Total available for use for the year ending March 31, 2011 *	Used during the quarter ended December 31, 2010	Year to date used at quarter-end
Vote 20 – Operating expenditures	52,740	11,804	35,706	53,479	12,491	35,087
Vote 25 - Grants and contributions	951,734	178,907	624,621	957,445	175,182	632,008
Statutory authorities	5,292	1,305	3,966	4,900	1,208	3,677
Total authorities	1,009,766	192,016	664,293	1,015,824	188,881	670,772

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

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Departmental budgetary expenditures by Standard Object *(unaudited)* For the quarter ended December 31, 2011

<i>(in thousands of dollars)</i>	Fiscal year 2011-2012			Fiscal year 2010-2011		
	Planned expenditures for the year ending March 31, 2012 *	Expended during the quarter ended December 31, 2011	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2011 *	Expended during the quarter ended December 31, 2010	Year to date used at quarter-end
Expenditures:						
Personnel	35,875	10,855	33,195	35,405	10,775	31,708
Transportation and communications	6,323	1,105	2,892	8,527	908	2,445
Information	1,104	206	574	1,681	291	505
Professional and special services	11,755	715	2,139	9,495	1,182	2,926
Rentals	440	103	247	491	50	184
Repair and maintenance	84	18	263	23	70	72
Utilities, materials and supplies	333	28	109	523	79	160
Acquisition of machinery and equipment	2,118	12	189	1,083	299	662
Transfer payments	951,734	178,907	624,621	957,445	175,182	632,008
Other subsidies and payments	-	67	64	1,151	45	102
Total budgetary expenditures	1,009,766	192,016	664,293	1,015,824	188,881	670,772

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