



Canada Foundation for Innovation
Fondation canadienne pour l'innovation

Sharing of Good Practices

Administration of CFI Awards

March 2009

Table of Contents

1.0	Introduction.....	1
2.0	General.....	3
2.1	Collaboration from the proposal stage onwards	3
2.2	Important considerations in decentralization	4
2.3	Information sessions for those involved in the administration of CFI awards	5
3.0	Financial considerations at the proposal stage.....	6
3.0	Review of budgets by relevant services.....	6
3.1	Assistance from Purchasing or Supply Management departments and Physical Plant in establishing budget estimates	7
4.0	Post award administration.....	8
4.1	Forecasting process at award finalization stage.....	8
4.2	CFI purchases handled by Purchasing or Supply Management departments	8
4.3	Identification of the CFI item number in purchasing documents	10
4.4	Review of sole source justifications	10
4.5	Identification of in-kind contributions in supplier confirmations.....	11
4.6	Comparison of the fair market value for purchases involving significant in-kind contributions	11
4.7	Technological change	12
4.8	Communication of the “expected” in-kind contribution in bid documents	13
4.9	Use of checklists at the time of purchase.....	13
4.10	Involvement of contractors in the determination of construction/renovation costs for projects where the CFI component is part of a larger undertaking	13
4.11	Expenditure review and approval process	14
4.12	Automated report enabling comparison between budgeted and actual costs	14
4.13	Periodic review of the account activity by the project leader and individuals involved in the administration of CFI awards.....	15
4.14	Monitoring of project end dates.....	15
5.0	Financial reporting.....	15
5.1	Forecasting process at the financial reporting stage	15
5.2	Tracking of actual costs by item number in the general ledger	16
5.3	Project leader confirmation before filing final financial reports	16
5.4	Discussion with project leaders to confirm the information presented in financial reports	16
5.5	Preparation of financial reports for multi-institutional projects	17

Appendices

Appendix A Request for Quotation

Appendix B Supplier Quotation Checklist

1.0 Introduction

The Canada Foundation for Innovation (CFI) is an independent corporation created in 1997 by the Government of Canada to fund research infrastructure. The CFI mandate is to strengthen the capacity of Canadian universities, colleges, research hospitals and non-profit research institutions to carry out world-class research and technology development that benefits Canadians.

The administration of CFI awards can pose great challenges for institutions. The nature and magnitude of the infrastructure costs involved, as well as the CFI's guidelines and requirements reinforce the need for institutions to implement sound processes and controls for the administration of these awards.

Since 2002, the CFI has been conducting monitoring visits at institutions to ensure compliance with the CFI's guidelines and proper management of its funds. These visits assess the adequacy and effectiveness of the policies, controls and systems institutions have in place to manage CFI funds. It also provides an opportunity to share information on CFI guidelines and expectations for financial accountability, as well as obtain feedback from institutions.

During these visits, the CFI has observed what it believes to be good practices for the administration of CFI awards. In addition, the CFI noted some practices following discussions at various institutions that would be beneficial to share with the community.

The CFI is not recommending that all institutions adopt these practices, since a practice that works well in one institution may not be appropriate for another. This document is not a collection of requirements or guidelines, nor is it a means for the CFI to communicate its expectations. The CFI simply hopes that sharing these practices will help institutions in their continued management of CFI funds, and in their assessment of institutional risks.

This collection is far from exhaustive. Since this document will be updated periodically, the CFI encourages you to share any other good practices so it can then share them with others.

The CFI would like to thank the Canadian Association of University Business Officers (CAUBO) National Procurement Committee and Finance Committee for their collaboration in putting this document together. It would also like to thank those from the various institutions who have provided comments and shared their good practices, and encourages national associations, such as CAUBO, the Canadian Association of University Research Administrators (CAURA), and the various regional groups to continue providing forums for discussion of CFI issues and the sharing of good practices.

If you have any questions on the content of this document, or if you would like to share a good practice, please contact:

Christine Charbonneau
Director, Finance
Tel: (613) 943-1289
christine.charbonneau@innovation.ca

2.0 General

2.1 Collaboration from the proposal stage onwards

Several institutions have implemented a process that requires all relevant services to collaborate from the proposal stage onwards. The project leader works with these services to prepare the proposal, and in the event that the proposal is successful, to complete the acquisition of the infrastructure and satisfy the reporting requirements.

Some larger institutions have even created a team that integrates individuals from the Research Office and Financial Services with administrative support, including representatives from Physical Plant, Purchasing or Supply Management, and the Division of Health, Safety and Environment. This team is responsible for the administration of CFI awards, from the conception of the project to the final acquisition of the infrastructure and the financial report. This structure helps to further promote the exchange of information and collaboration between the various services.

There have been several benefits from these collaborations:

- Administration of successful awards is easier since all relevant services are familiar with the project and have considered several essential aspects of the project.
- Various services can work together to ensure all CFI guidelines and requirements are respected and that all relevant information is considered.
- Budget information in the proposal can be more accurate and complete. The knowledge of Physical Plant, Purchasing or Supply Management departments and the Division of Health, Safety and Environment is often essential to establishing good budgets and making sure all financial aspects are properly considered. This often helps prevent situations where costs presented in the proposal are found after the fact to be too low due to underestimates of elements, such as shipping, installation and increasing cost of building materials. Since CFI awards are maximum awards based on the budget in the proposal, such situations can leave an institution no other choice but to find alternative sources of funding for the increase in costs.
- Helps reduce the amount of time required to complete the award finalization documents and the acquisition of the infrastructure.
- By receiving information from all sources, significant changes are identified and communicated to the CFI on a timely basis.
- Since forecasted disbursements presented at the time of award finalization and in the financial reports are based on discussions with individuals involved in the acquisition of the infrastructure, they are usually more accurate.
- Institutions can better resolve problems in implementing a project since the impacts on all areas is known.

- With the requirements for documentation known by all parties from the outset, the institutions keep better records and follow necessary procedures at the right time.
- Larger institutions with integrated teams have reported that the structure not only allows for a more efficient and effective administration of CFI awards, but also provides better quality assurance and financial controls over the execution of the award agreements.
- Helps ensure that all communications activities that showcase research enabled by CFI investments are accurately recorded. In turn, this helps the CFI demonstrate the scope of public awareness of its investments to the Government of Canada.

2.2 Important considerations in decentralization

Some institutions have decentralized various controls and responsibilities related to the administration of CFI awards to departmental units. For example, a few institutions visited have business officers in departmental units reviewing purchase requests related to CFI-funded projects in consultation with project leaders to ensure they are in accordance with the CFI Itemized Lists (refer to section 4.13). Business officers are also required to review monthly activity reports for each CFI-funded project and to assist in the preparation of CFI financial reports.

One advantage of decentralization is that it brings the administrative functions closer to the individuals directly involved in the project. The institution can also benefit from the resources in each department. Since decentralization incurs its own costs, institutions complete a cost-benefit analysis before proceeding with this model.

An institution operating in a decentralized environment must ensure that each department interprets the institution's policies and procedures, and the CFI guidelines and requirements in the same way. This is critical for adequately and consistently applying them.

These institutions:

- Clearly communicate roles and responsibilities;
- Establish effective financial and administrative guidelines for all areas involved in the administration of contributions;
- Provide training and support to departmental representatives on a regular basis;
- Establish means to rapidly and effectively communicate changes in guidelines and requirements, or issues that have been brought forward;
- Establish a process for the identification of significant changes and communicate them to the CFI in a timely manner;
- Have a support group for questions when they arise.

To ensure compliance by departmental unit representatives with key CFI requirements and guidelines, these institutions also implemented the following:

- A core team that is responsible for reviewing the activity and progress of very large projects;
- Approval by Purchasing or Supply Management departments to ensure that the institution's purchasing policies and procedures, including competitive bid processes, are followed;
- An overall detect control performed by Financial Services when preparing the financial report to ensure each purchase is made in accordance with the CFI Itemized List.

2.3 Information sessions for those involved in the administration of CFI awards

Several institutions hold information sessions for new project leaders to discuss requirements of an upcoming competition or provide information on CFI guidelines. These information sessions are held to communicate to all parties involved the institution's expectations with respect to CFI proposals, and the administration of successful CFI awards. They also ensure that CFI guidelines are understood and followed.

This initial investment of time can be rewarding since it provides for a smooth process at the proposal stage and for the administration of successful awards.

Some of the topics often discussed, include:

- Eligible recipients of CFI awards (i.e. CFI awards are institutional awards and the institution must, therefore, have ownership of the infrastructure);
- Role of the project leader;
- Specifics on the various funding mechanisms or upcoming competitions
- A summary of CFI guidelines believed to be of greatest importance;
- Internal process for applying for the award (e.g. internal requirements, deadlines, review process, and involvement of certain departments such as Purchasing or Supply Management departments and Physical Plant, etc.);
- Eligible partner contributions. The valuation of items involving in-kind contributions and required supporting documentation will often be discussed because of their complexities;
- Requirements if the award is successful (e.g. timeframe for providing award finalization documents and reaching the building phase of the construction, the

annual financial and progress reports required, and the monitoring of significant changes);

- The need for all purchases for a successful proposal to follow the normal policies and procedures of the institution. The fact that project leaders and Purchasing or Supply Management departments should not be making commitments at the proposal stage is emphasized;
- Contact people at the institution (e.g. CFI Liaison, CFI Account Administrator, etc.);
- The importance of demonstrating the value for public investments in research by participating in CFI evaluation activities and public events that showcase research enabled by these investments.

These regular institutional information sessions are provided in addition to those by CFI Senior Program Officers when a new Call for Proposals for a competition is announced.

Some institutions have also prepared a CFI orientation package that they give to every new project leader which can include some of the above topics.

3.0 Financial considerations at the proposal stage

3.0 Review of budgets by relevant services

Using the CFI online system, project leaders with approval of their institution initiate the proposal. As mentioned in section 2.1, several institutions have implemented a process whereby all relevant services are involved in the proposal review. Often, a working group will be set up including individuals from Research Services, Financial Services, Purchasing or Supply Management departments, Physical Plant and the Division of Health, Safety and Environment.

The working group will usually be led by Research Services with the collaboration of Financial Services. Research Services will often be responsible for addressing inquiries and ensuring that proper procedures for proposal preparation and submission are in place. It will also coordinate additional administrative reviews that may be required by an administrative group, such as:

Purchasing or Supply Management departments: Reviews the proposal with respect to compliance with the MASH (municipal, academic institutions, schools and hospitals) sector free trade regulations, and any provincial trade regulations. It also ensures that purchases with respect to successful proposals will be able to conform to the institution's purchasing policies—a key CFI requirement. Purchasing or Supply Management departments make sure the proposal has considered and included necessary costs (e.g. taxes, installation, shipping, etc.), and properly supported in-kind contributions. In some cases, Purchasing or

Supply Management departments may initiate a formal bid process to remove any concerns over the proposed in-kind contributions or to obtain more accurate pricing for significant items. This is not, however, a CFI requirement at this stage.

Physical Plant: Reviews the proposal for space availability and suitability, as well as cost and feasibility of proposed construction and renovations.

Division of Health, Safety and Environment: Reviews the proposal to ensure compliance with regulatory and institutional policies.

Before the proposal is submitted to the CFI, the working group and the administrative group perform a final review of the proposal with respect to text, budget, safety compliance and resource requirements.

3.1 Assistance from Purchasing or Supply Management departments and Physical Plant in establishing budget estimates

Some institutions have gone a step beyond having representatives from the various departments involved in the review process of the proposal (see section 3.1) by dedicating personnel from Purchasing or Supply Management departments and Physical Plant to assist project leaders in determining their infrastructure needs and establishing budget estimates. Although this has resource implications, these institutions have reported that the return on their initial investment of time and knowledge can be substantial over the long run.

The expertise of these services is valuable in determining the best course of action for the acquisition or development of the infrastructure. It also helps increase the accuracy and completeness of budget information presented in CFI proposals and ensures all feasibility issues are addressed before the proposal is submitted. Doing so reduces the time required to finalize the award and to acquire the infrastructure for successful proposals.

The involvement of Physical Plant is particularly important given that:

- Infrastructure projects including construction or renovations must be developed well beyond the conceptual stage at the time a proposal is submitted;
- Award finalization documents must be provided to the CFI within nine months of award approval;
- The CFI expects institutions to start the construction or renovation component of a funded project within 18 months following the award announcement.

4.0 Post award administration

4.1 Forecasting process at award finalization stage

Institutions must provide forecasted disbursements to the CFI upon award finalization. The CFI uses the forecast to determine the timing of its instalments, providing funding for its share of expenditures in each fiscal year. However, as indicated in section 6.3.5 (Instalment schedule) of the CFI Policy and Program Guide, the CFI contribution for each fiscal year will not exceed its agreed share of cumulative total eligible costs to the end of that year.

As a result, it is important that institutions ensure their forecasts at the award finalization stage are realistic and accurate. If they are not, the institution must provide notice and justification for significant delays at a later date, as per section 6.6 (Changes to infrastructure projects once the Award Agreement is in place) of the CFI Policy and Program Guide. If a significant portion of expenditures is delayed to subsequent fiscal years, an institution may need to partially reimburse CFI funds. In addition, the initial instalment schedule may need to be revised.

To avoid these issues and ensure forecasts presented upon award finalization are as accurate as possible, several institutions bring together the project leaders, Purchasing or Supply Management departments and Physical Plant to determine a realistic timeline for the acquisition of the infrastructure. The team gives appropriate consideration to important factors that may delay the acquisition of certain items (e.g. negotiation of contracts, time needed to finalize specifications with a supplier, possible negotiations between various institutions, acceptance testing, period of time needed to finalize the award with CFI, etc.). This timeline is then used in the award finalization documents to report forecasted disbursements by fiscal year.

4.2 CFI purchases handled by Purchasing or Supply Management departments

CFI funds are public funds and as such are expected to be spent effectively and economically. More specifically, institutions are expected to obtain competitive prices for materials and services that are suited to their requirements for all CFI-funded projects.

As indicated in the Institutional Agreement between the CFI and recipient institutions, as well as in section 6.2.5 (Itemized List) of the CFI Policy and Program Guide and the Award Conditions for each project, institutions *must* follow their usual tendering and purchasing policies and procedures which, in turn, must comply at a minimum with the requirements in Annex 502.4 of the Agreement on Internal Trade.

To ensure adherence to this key requirement, some institutions require that CFI purchases be handled by their Purchasing or Supply Management departments. In these instances, it is the responsibility of these departments to ensure the institution's usual tendering and purchasing policies and procedures are followed, including open and competitive bidding

requirements, for *all* CFI-related purchases. The institution informs project leaders of this requirement at the proposal stage and instructs all parties involved not to make any commitments to suppliers at that stage so that there are no adverse surprises at the time of purchase, and the normal open and competitive purchasing process can be followed.

A number of additional benefits have been reported in having CFI purchases handled by Purchasing or Supply Management departments. For example, it ensures:

- best value sourcing is achieved. In some instances, project leaders may feel there is only one or two sources. Purchasing or Supply Management departments can often, through their networks, determine other sources that may be of better value; appropriate generic specifications are developed rather than brand or product name specifications (or using brand or product names as a reference only) in order to facilitate open competitive bid processes;
- all necessary terms and conditions affecting the purchase are included;
- all cost elements, such as shipping, insurance, installation, training, calibration, software, CSA approval, taxes, etc., are considered and incorporated in the cost;
- the purchase is made in accordance with the Itemized List approved upon award finalization, or that someone else dedicated to do this has performed the review before the purchase is finalized (see section 4.13);
- any in-kind contribution is properly identified by the supplier (see section 4.5);
- the stated fair market value of the chosen supplier is reasonable (see section 4.6) in order to adjudicate in-kind contribution calculations;
- appropriate protective clauses with respect to the quotation validity period and technological change are included (see sections 4.7 and 4.8);
- foreign exchange has been taken into account where applicable;
- purchase activities for multi-institutional projects are coordinated between the institution acting as the administrative centre and other participating institutions in accordance with the inter-institutional agreement;
- physical requirements of the equipment are obtained and reviewed to ensure associated facility designs and costs are accurately considered and calculated. For instance, bidders may be required to identify specific physical attributes and requirements for their equipment, such as weight, dimensions, electrical requirements, surrounding space and clearance requirements, and cooling and humidity requirement specifications;
- cross-border issues and documentation arising from the use of controlled or hazardous goods are appropriately considered;
- the vendor selection process and evaluation criteria are clearly outlined and followed.

4.3 Identification of the CFI item number in purchasing documents

It is often difficult for the individual responsible of verifying purchases to ensure that a purchase is in line with the Itemized List (see section 4.13) when the description in the purchase document differs from that in the Itemized List. It could also be difficult for auditors to make this determination if the project is audited.

In order to ensure an efficient process, and an adequate audit trail, some institutions now require that the CFI item number be indicated on every purchase requisition, purchase orders and invoices.

This is particularly important if CFI-related items are combined with other non-CFI-related items in the same purchase. The CFI does not object to group purchases, as long as the price for the CFI items is indicated separately and there is an appropriate audit trail. Therefore, identifying CFI-related items and their item numbers is a good practice that facilitates the work of all parties involved, and ensures an adequate audit trail. For such purchases, a reconciliation of the amounts in the supporting documents with those reported to the CFI also often need to be kept on file since the costs of the CFI items are only a subset of the entire purchase and may not be tallied separately.

4.4 Review of sole source justifications

CFI funds are public funds and as such are expected to be spent effectively and economically. More specifically, institutions are expected to obtain competitive prices for materials and services that are suited to their requirements for all CFI-funded projects.

As indicated in the Institutional Agreement between the CFI and recipient institutions, as well as in section 6.2.5 (Itemized List) of the CFI Policy and Program Guide and the Award Conditions for each project, institutions *must* follow their usual tendering and purchasing policies and procedures which, in turn, must comply at a minimum with the requirements in Annex 502.4 of the Agreement on Internal Trade.

Every institutional policy includes the requirement for a competitive bid process for purchases over a certain dollar threshold. However, the policy will normally list exceptions, as well as circumstances for sole supplier procurement. In this case, it is acceptable not to perform a competitive bid process.

Purchasing or Supply Management departments of several institutions have reported encountering situations where there have been reasons provided in sole source justifications (e.g. compatibility, only one supplier believed to satisfy the requirements, etc.), but when further investigated, it was revealed that the justification was not valid and a competitive bid process should be undertaken. Consequently, several institutions are reviewing closely the justifications for sole supply, and some have instituted a procedure where public bid notices are posted even if the purchase is thought to be sole source. Although this goes beyond any CFI requirements, it is a good practice that ensures a competitive bid process is properly performed when warranted, and that competitive prices are sought in all instances for materials and services suited to the

institution's requirements.

Doing so also ensures that the institution will not have to pay for appraisal costs in the event the project is audited by the CFI and it is found that a competitive bid process could have been performed. Section 6.5.7 (Appraisals) of the CFI Policy and Program Guide indicates that there may be a requirement for a third-party appraisal for significant in-kind contributions, and that the CFI will pay for appraisals if no alternative valuation method is available. If the CFI determines that the institution could have corroborated the fair market value of the item via a competitive bid process but did not do so, the institution will have to pay for the appraisal cost.

Please note that where it would be impossible to buy from other sources, it is not acceptable to carry out a competitive bid process simply to substantiate the fair market value—this would be a violation of the Laws of Competitive Bidding.

4.5 Identification of in-kind contributions in supplier confirmations

As indicated in section 6.5.8 (Reporting of items involving in-kind contributions) of the CFI Policy and Program Guide, only special CFI discounts over and above the normal and/or educational discount can be counted as eligible in-kind contributions.

In order to satisfactorily assess and support the valuation of in-kind contributions, several institutions ensure that both educational discounts and special CFI discounts are clearly identified on supporting documentation provided by suppliers through the purchasing and tendering processes. An example of a document that includes all relevant information can be found in Appendix A or under “Frequently Asked Questions” in the Finance section of the CFI's website.

4.6 Comparison of the fair market value for purchases involving significant in-kind contributions

Section 6.5.6 (Comparison of the fair market value for Category 2 items) of the CFI Policy and Program Guide indicates that as part of certain documentation requirements for Category 2 items¹, institutions may be required to perform a comparison of the fair market value as stated in all bids received as a result of a formal competitive bid process, including a public bid notice.

The purpose of this review is to ensure that the fair market value reported to the CFI is reasonable. To achieve this, the fair market values stated in all bid documents received should be compared by the institution to conclude on a reasonable fair market value that is reported as an eligible cost to the CFI. It is important to note that this value may differ from the value stated by the successful supplier.

¹ Category 2 items are defined as individual items involving in-kind contributions between \$100,000 and \$500,000 that represent more than 10 percent of total project costs, **or** all individual items involving in-kind contributions larger than \$500,000.

The institution's assessment and conclusion should be documented and kept on file. Examples of acceptable analysis are included under "Frequently Asked Questions" in the Finance section of the CFI website.

To properly document its assessment, one visited institution reported using the bidder results summary form to clearly outline the list price for each bid, any normal or educational discounts, the fair market value (price after normal or educational discount), the CFI in-kind contribution and the net bid price. The fair market value comparison is made by Purchasing or Supply Management departments using the information on this form and adding a comment confirming that they have made the fair market value comparison among participating bidders, and believe the fair market value of the selected supplier to be reasonable (or not) on the basis of this comparison.

The focus here is on the assessment of the fair market value (i.e. price after normal or education discount) and not the in-kind contribution amount, since the in-kind contribution is simply derived by subtracting the net bid price of the successful supplier from the fair market value of the item (as established in the above assessment).

4.7 Technological change

Given the nature of CFI infrastructure and the rapid changes in technology, some institutions have included wording in their bid documents to ensure they receive the latest technology upon delivery. For example, if an institution wants the most recent version of specific software, it can include a clause to protect itself against new releases from the time the quote is provided, purchase order issued and actual software delivery.

Such clauses can be worded as follows:

- 1. Pricing is to reflect the most current model and release of equipment and associated software at the time of delivery.*
- 2. Bidders, for the equipment and software they are proposing, are to disclose whether there will be any new releases of this equipment or new equipment that could satisfy the requirements of this RFP or new software, including firmware, up to six months after delivery date, and whether this will be provided to all participating institutions on the same terms and conditions.*
- 3. In the event of technological change that affects the equipment included in the supplier's proposal, proponents may be requested to submit pricing information on the most recent equipment models, as well as detailed descriptions of any changed features. Although this will occur as a request for clarification related to the original competitive bid request, proponents are cautioned that any request for clarification will not be an opportunity either to correct errors or to change their proposals in any substantive manner. The institution reserves the right to request these changes from one or more proponents or cancel the process and issue a new competitive bid request.*

4.8 Communication of the “expected” in-kind contribution in bid documents

The CFI typically contributes up to 40 percent of the total eligible costs of an infrastructure project, with the remainder provided by partnerships between eligible institutions and their funding partners.

To date, several suppliers have contacted the CFI to express concern over the “mandatory CFI deep discount of 20 percent” requested by the institutions since their margins are not large enough to sustain such a discount. The CFI does not require a financial contribution from any of the partners for any of its funded projects. The granting of a deep discount to an institution is not a mandatory element of the supplier’s infrastructure price, nor should it be worded as such in the institution’s documents. Although suppliers are a logical choice as funding partners in many CFI-funded projects, partner funding, whether in the form of a cash or in-kind contribution, is strictly on a voluntary basis.

Some institutions have properly recognized this fact by adjusting their wording in request-for-bid documents to clearly communicate their expectations, as well as highlight the voluntary nature of any contribution.

4.9 Use of checklists at the time of purchase

In an attempt to ensure completeness of bid responses, some institutions require bidders to submit checklists with their quotation. Checklists ensure that all important aspects have been considered (e.g. specifications, electrical standards, environmental requirements, etc.). They also ensure that pricing includes all relevant and applicable costs, such as installation, training, travel, extended warranty, etc. (See Appendix B for sample checklists. Please note that these are examples only and do not represent the CFI’s endorsement of particular checklists. Others exist which can serve the same purpose.)

Rather than using checklists, some institutions incorporate all requirements in the evaluation criteria stated in the competitive bid document to ensure completeness and compliance.

4.10 Involvement of contractors in the determination of construction/renovation costs for projects where the CFI component is part of a larger undertaking

The CFI expects institutions to report the actual cost of the construction/renovation it is funding. This can pose great challenges when CFI-funded construction/renovation is part of a larger undertaking (e.g. the CFI-funded project includes two floors of a 12 storey building). In most cases, the contractor will invoice the institution for the entire undertaking, and will not separate out the cost of the CFI-funded construction/renovation. As a result, the institution must properly allocate the appropriate portion of the overall cost to the CFI. Since this is often difficult to do—especially if the nature of the space

funded by the CFI is specialized (e.g. lab space is usually more costly to build than office space)—the expertise of Physical Plant is usually needed.

When faced with this situation, one institution says it requires its successful contractors to perform the cost analysis for the CFI-funded construction/renovation since they have already considered these costs when doing their overall costing. The contractor confirms the construction cost of the CFI-funded space/renovation, and it is kept on file. For the confirmation and analysis to be meaningful, the contractor should spend an adequate amount of time performing the analysis, preferably as part of the tendering process.

Once the analysis is obtained, the institution only needs to allocate a portion of the soft costs, such as site development and planning, architectural and design costs, professional fees, permits, insurance, etc., to the CFI-funded component. This method reduces the amount of work required from Physical Plant, and ensures that appropriate costing is performed and that proper supporting documentation is kept on file.

Since the analysis is usually made at the beginning of the construction project in order to provide updated estimates to the CFI, it needs to be updated once the construction/renovation is completed to ensure elements have not changed. This would occur if amendments were made during the construction phase.

4.11 Expenditure review and approval process

Many institutions have implemented additional controls at the time of purchase in order to better monitor CFI-related expenditures and eliminate the risk of non-approved changes to the Itemized Lists.

These institutions assign responsibility for verifying each item requested for CFI-funded projects, and will usually involve an individual from Financial Services, Research Services, Purchasing or Supply Management departments, or sometimes business officers in departmental units (see section 2.2). During their review, these individuals will ensure that the nature and cost of the item matches the Itemized List, or if it doesn't, that the CFI has approved the change (if need be) prior to the purchase taking place. Some institutions set up purchase orders to correspond with the item number on the CFI Itemized List for easier comparison.

This process allows for early identification of significant changes and ensures purchases are made in accordance with the CFI-approved Itemized Lists. Such a control also ensures that the institution will not have to pay for purchases that may be found to be ineligible after the fact.

4.12 Automated report enabling comparison between budgeted and actual costs

To assist in monitoring significant changes, some institutions have created an automated report that compares the actual cost of each item with the updated estimate (budget)

provided upon award finalization. To do this, the financial system must track the budget information and actual costs by item number (see section 5.2).

Alternatively, some institutions use an Access database containing the budget for each item of a CFI-funded project. The budget information is entered manually to match the Itemized List submitted upon award finalization. Actual expenditures are tracked in the financial system by item number, and the institution then performs a balance feed from the financial system to the Access database to compare budgeted expenditures with actual expenditures.

4.13 Periodic review of the account activity by the project leader and individuals involved in the administration of CFI awards

To ensure project accounts include relevant activities, and that discrepancies can be detected early and corrected, some institutions require project leaders and individuals involved in the administration of CFI awards to periodically review the account transactions (monthly, quarterly or annually). This control helps identify transactions that may have been mistakenly coded to the account, but are not related to the project. The practice can also help detect missing transactions that have been inappropriately coded to another account.

4.14 Monitoring of project end dates

Institutions must notify the CFI if there is a significant change (more than six months) in the anticipated end date of the project. In such instances, it must provide an explanation for the delay and formally request an extension. This requirement is discussed in section 6.6.5 (Significant change in the end date of the project) of the CFI Policy and Program Guide. To comply with this requirement, several institutions are now tracking the anticipated end date for each project, often using a spreadsheet, or where feasible, the financial system.

5.0 Financial reporting

5.1 Forecasting process at the financial reporting stage

In addition to providing forecasts of disbursements upon award finalization (see section 4.1), institutions are also required to update forecasts on an annual basis in CFI financial reports. In these reports, institutions must confirm cumulative actual expenditures to the end of the reporting period, as well as provide an updated forecast of when the remaining expenditures will be incurred.

The reporting of accurate information, including forecasts, is important for allowing the CFI to monitor the progress of infrastructure projects and confirm the validity of instalment schedules.

Forecasts presented in CFI financial reports must take into consideration the most recent

cost estimates and scheduling for the project at the reporting date. To achieve this, some institutions will confirm the expected timing for remaining acquisitions with project leaders and Purchasing or Supply Management departments or Physical Plant before submitting the financial report, and will keep the confirmation on file to attest that the forecast information in the report has been reviewed and reflects the project's current timeline. The CFI considers this a good practice that increases the accuracy and reliability of the financial reports and provides an audit trail of the controls over this process.

5.2 Tracking of actual costs by item number in the general ledger

Each item approved by the CFI is assigned an item number. This number is indicated in the Itemized List submitted upon award finalization for each project. Once the project is completed, institutions must submit a final report which includes the actual cost for each approved item and compares it to the approved budget using the same presentation as the initial Itemized List.

When there are several transactions for a given project, summarizing the costs and reporting in this way can be quite difficult and time consuming. To facilitate the process, some institutions use a sub code in their financial system to track the item number in relation to each expenditure so that transactions do not have to be sorted on a transaction-by-transaction basis to determine the infrastructure items they belong to. This information is summarized by the system by item number and can be incorporated directly in the final financial report.

Another advantage of using sub codes is that it can assist the institution in monitoring significant changes. Since the institution knows the actual cost of each approved item at any point in time, it can easily compare that cost to the estimate provided upon award finalization. Some institutions have automated this process (see section 4.12).

The use of sub codes, however, may not be feasible with all financial systems.

5.3 Project leader confirmation before filing final financial reports

When submitting the final financial report for any given project, the institution must certify that the infrastructure has been acquired/constructed in accordance with the award agreement and that the project is complete (i.e. all the infrastructure has been acquired or developed and is operational, and all costs have been incurred).

To mitigate the risk of submitting final reports to the CFI before fully completing the project, some institutions require confirmation from the project leader that all items have been acquired and the project is complete. This confirmation is kept on file.

5.4 Discussion with project leaders to confirm the information presented in financial reports

In addition to confirming the expected timing of remaining acquisitions with project

leaders (see section 5.1), some institutions also discuss financial report information to ensure it is complete and accurate. Project leaders are often needed to help complete the information requested on significant changes.

5.5 Preparation of financial reports for multi-institutional projects

The institution designated as the administrative centre for multi-institutional projects is responsible for providing consolidated financial reports to the CFI. It is helpful to have a process in place to facilitate the consolidation of the information.

Some institutions have opted to address reporting requirements with their partner institutions, and include clauses to this effect in their inter-institutional agreements. Partner institutions are required to provide a financial report to the administrative centre for those items for which they are responsible by an agreed deadline prior to the CFI's June 15 reporting deadline. This gives the institution designated as the administrative centre enough time to consolidate the information and submit the financial report to the CFI by June 15.

The institution designated as the administrative centre is also responsible for reporting any significant changes to the CFI. Some institutions have also included clauses to this effect in their inter-institutional agreements. For example, if a partner institution's spending is not in line with the original schedule and/or if their spending cannot be completed before the project's end date, they must notify the administrative centre, and provide an explanation and a revised timeline for the remaining disbursements. For large projects, some administrative centres request quarterly interim financial reports so they can monitor the project progress.

Supplier Quotation Checklist

The following are criteria that may be relevant to any particular competitive bid process. In an effort to ensure completeness of bid documents, this checklist should be completed and returned with the Bidder's Quotation.

1. Can all Specifications be met (see Appendix)? If not, clearly indicate the differences on a separate page.	Y / N	n/a
2. Has the regular educational discount been identified?	Y / N	n/a
3. Are in-kind contributions, as defined by CFI, identified?	Y / N	n/a
4. Does the equipment meet applicable Electrical standards (see Appendix)?	Y / N	n/a
5. Does the equipment contain any radioactive materials?	Y / N	n/a
6. Has a list of spare parts and associated costs been provided?	Y / N	n/a
7. Can installation be provided?	Y / N	n/a
a) Included in the cost?	Y / N	n/a
b) If not included, indicate any additional costs? _____	Y / N	n/a
8. Can training be provided?	Y / N	n/a
a) Included in the cost?	Y / N	n/a
b) If not included, indicate any additional costs? _____	Y / N	n/a
9. Is travel required to perform installation and/or training?	Y / N	n/a
a) Included in the cost?	Y / N	n/a
b) If not included, indicate any additional costs? _____	Y / N	n/a
10. Has extended warranty pricing been identified?	Y / N	n/a
11. Has the Equipment, Utility and Environmental Requirement form been completed (see Appendix)?	Y / N	n/a
12. Have after warranty maintenance fees been quoted?	Y / N	n/a
13. If software, are upgrades included?	Y / N	n/a
If not included, indicate any additional costs? _____	Y / N	n/a
14. If software, are there license fees or user fees?	Y / N	n/a
a) If yes, indicate any additional costs		
15. Is equipment or software documentation included in the cost?	Y / N	n/a
If not included, indicate any additional costs? _____	Y / N	n/a
16. Has the F.O.B. point been identified?	Y / N	n/a
a) Is freight and insurance included?	Y / N	n/a
If not included, what is the additional cost? _____	Y / N	n/a
17. Are discount payment terms identified?	Y / N	n/a
18. If currency other than Canadian funds is being quoted, is this clearly identified?	Y / N	n/a
19. For non Canadian suppliers, if on-site services are required including installation/setup, training, or other, has Non Resident Withholding Tax requirements been considered? (see Appendix)	Y / N	n/a
20. Will quotation be valid for the requested period? If not, indicate the validity period _____	Y / N	n/a