



Canada Foundation for Innovation  
Fondation canadienne pour l'innovation

# Policy and Program Guide

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# 1. CFI OVERVIEW

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## 1.1 Mission and mandate

The Canada Foundation for Innovation (CFI) is an independent corporation created by the Government of Canada in 1997 to fund research infrastructure. The CFI’s 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.

CFI funding enables institutions to set their own research priorities in response to areas of importance to Canada. This allows researchers to compete internationally and helps solidify Canada’s position in the global knowledge-based economy. The CFI supports national science and technology objectives and strengthens Canada’s capacity for innovation by:

- increasing Canada’s capability to carry out world-class scientific research and technology development;
- expanding research and job opportunities for young Canadians;
- promoting productive networks and collaboration among Canadian postsecondary educational institutions, research hospitals and the private sector;
- supporting economic growth and job creation, as well as benefiting Canadians’ health and their environment.

High-quality infrastructure helps Canadian research institutions attract, retain and train highly skilled research personnel. It also leads to spin-off ventures and the commercialization of discoveries.

The CFI promotes the optimal use of research infrastructure within and among Canadian institutions which creates the necessary conditions for sustainable, long-term economic growth. The innovative research that results from great minds and solid infrastructure leads to improvements in public policy and ultimately our health, environment and quality of life.

## **1.2 Funding architecture**

At its core, the CFI funding architecture involves a three-pronged program delivery system that includes: open competitions for innovative infrastructure projects (primarily through the Leading Edge and New Initiatives funds); a pre-determined allocation-based program that gives universities the flexibility and rapid turnaround time to recruit and retain leading researchers (Leaders Opportunity Fund); and a program that defrays a portion of operating and maintenance expenses to ensure optimal use of CFI-funded infrastructure (Infrastructure Operating Fund).

## **1.3 Definitions**

### **Infrastructure**

Equipment, scientific collections, computer software, information databases and communication linkages used, or to be used, primarily for carrying out research. This includes the housing and installations necessary for the use and servicing of the infrastructure.

### **Innovation**

A process that begins with the creation of knowledge in research and continues through its applications, to benefit Canadian society.

### **Research**

Experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundation of phenomena and observable facts.

### **Technology development**

Systematic work, drawing on research and/or practical experience, that is directed to producing new materials, products or devices, or installing new processes, systems and services, or substantially improving those already produced or installed.

### **Research training**

The training of highly qualified personnel — including technicians, research associates, undergraduate students, graduate students and post-doctoral fellows — through research.



## 2. FUNDING ARCHITECTURE

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The CFI’s funding architecture is designed to deliver on the CFI’s mandate by meeting the current needs of the research community, its partners and stakeholders.

At its core, the CFI funding architecture involves a three-pronged program delivery system that includes: open competitions for innovative infrastructure projects (primarily through the Leading Edge and New Initiatives funds); a pre-determined allocation-based program that gives universities the flexibility and rapid turnaround time to recruit and retain leading researchers (Leaders Opportunity Fund); and a program that defrays a portion of operating and maintenance expenses to ensure optimal use of CFI-funded infrastructure (Infrastructure Operating Fund).

In addition to its three core programs, the CFI makes strategic investments through the National Platforms Fund, the Automotive Partnership Canada Fund and the Exceptional Opportunities Fund.

Information on inactive funds can be found under “Funds” in the “Programs” section of the CFI website ([www.innovation.ca/en/programs/funds](http://www.innovation.ca/en/programs/funds)).

### 2.1 Leading Edge Fund/New Initiatives Fund

Reflecting the key role outlined for the CFI in the Government of Canada’s Science and Technology Strategy, the Leading Edge Fund (LEF) and New Initiatives Fund (NIF) seek innovative and transformative infrastructure projects in all disciplines that cover the spectrum of research and technology development activities leading to breakthroughs and benefits for Canadians.

The LEF/NIF competition aims to strengthen and enhance Canada’s capacity for highly competitive research and technology development in areas of institutional priority.

The LEF focuses on leading-edge activities that depend on the results of past CFI investments (through the Innovation Fund (IF), International Joint Venture Fund (IJVF), College Research Development Fund (CRDF) or University Research Development Fund (URDF)) and builds on them.

The NIF focuses on promising innovative research and technology development that neither depends on the results of past CFI investments (through the IF, IJVF, CRDF, URDF, or LEF/NIF) nor builds on them.

To a level appropriate to its magnitude and complexity, a proposal should

- Demonstrate world-class excellence through:
  - world-class research or technology development currently beyond the means of Canadian institutions, introduce new concepts and different and better ways of performing research or technology development;
  - research that capitalizes on significant past CFI investments in areas of strategic importance and institutional strength where the research has been recognized as world class;
  - transformative research that involves new ways of approaching research questions with the potential to challenge existing perspectives, create new fields of activity and/or lead to new technologies;
  - projects that attract and retain the best researchers, and provide a stimulating and innovative training environment.
- Foster partnerships that lead to:
  - synergies among research infrastructure investments and disciplines;
  - collaboration among institutions and with external partners;
  - enhancement of existing networks and new regional, national and international networks and partnerships.
- Focus on priorities showing:
  - evidence of substantial institutional support and commitment;
  - research and development opportunities that draw on local, national and international intellectual capital.
- Generate impacts leading to:
  - improvements to society and quality of life, as well as the development of new public policies;
  - socioeconomic benefits for Canada through the development and improvement of products and services;
  - facilitation of new technology development (e.g. proof of concept, prototyping) and the commercialization of research results.

The Call for Proposals is available under “Funds” in the “Programs” section of the CFI website ([www.innovation.ca/en/programs/funds](http://www.innovation.ca/en/programs/funds)).

## 2.2 Leaders Opportunity Fund

The Leaders Opportunity Fund (LOF) is designed to help universities attract and retain the very best of today's and tomorrow's researchers at a time of intense international competition. To this end, the LOF offers universities the opportunity to:

- acquire infrastructure for their leading research faculty to undertake cutting-edge research;
- create competitive packages of research support in the form of infrastructure and a portion of the operating and maintenance costs from the CFI, coupled with direct research costs from partner organizations.

### Eligibility to apply

The LOF is an allocation-based fund whereby the CFI predetermines the maximum amount of funding available for each eligible institution. Universities having a minimum annual average of \$300,000 in sponsored research income (excluding CFI awards) as reported by the Canadian Association of University Business Offices (CAUBO), are eligible to receive a LOF allocation. These allocations may be reviewed periodically as new funds are made available to the CFI.

A university with a LOF allocation may put forward an infrastructure proposal for either a current faculty member with a full-time academic appointment, or a candidate the university is in the process of recruiting to a full-time academic position. Universities are expected to submit LOF proposals to attract or retain faculty in the priority areas identified in their Strategic Research Plan. Research hospitals and research institutes may only apply through the eligible universities to which they are affiliated.

The LOF is intended to serve the infrastructure needs of individual faculty, or small groups of up to three faculty members when there is a demonstrated need to share infrastructure. The LOF is not intended to serve the infrastructure needs of larger groups, centres, departments or institutions.

Candidates must be recognized leaders in their field of research or show promise of becoming research leaders. They must be engaged in, or embarking on, an innovative research program for which the infrastructure is essential and which will provide an enriched research training environment.

Candidates who have previously been supported through the LOF, New Opportunities Fund, Canada Research Chairs Infrastructure Fund or Career Award are eligible for funding under the LOF. However, applicants must justify the value added of a subsequent award.

## **LOF funding mechanism**

The LOF has three streams. The nature of the application will depend upon which stream is chosen and the amount being requested. The maximum amount that can be requested through a LOF application is \$2 million.

Stream 1: Research infrastructure alone

1.1 Total eligible costs are less than \$1 million

1.2 Total eligible costs are between \$1 million and \$2 million

Stream 2: Research infrastructure associated with a Canada Research Chair

2.1 Total eligible costs are less than \$1 million

2.2 Total eligible costs are between \$1 million and \$2 million

Stream 3: Research infrastructure from the CFI and research support from the Tri-Council agencies

The complete program description is available under “Funds” in the “Programs” section of the CFI website ([www.innovation.ca/en/programs/funds](http://www.innovation.ca/en/programs/funds)).

## **2.3 Infrastructure Operating Fund**

The Infrastructure Operating Fund (IOF) is designed to contribute to the operating and maintenance costs of CFI-funded infrastructure.

When submitting any proposal for CFI infrastructure, institutions must demonstrate that they have adequate funds to ensure the infrastructure will be operational and sustainable for at least five years. The IOF helps cover a portion of these costs to maximize the efficient use of CFI-funded infrastructure (see [Section 4.6](#)).

An institution’s IOF allocation is based on the finalized CFI contribution for eligible projects. All CFI projects approved after July 1, 2001, are eligible to receive IOF, with the exception of projects funded under the Canada Research Chairs Infrastructure Fund and the international funds. All eligible projects generate an IOF allocation of 30 percent of the total finalized CFI contribution. Institutions can review their allocation details under “Institutions: Financial Access” on the CFI website ([www.innovation.ca/en/cfi-online](http://www.innovation.ca/en/cfi-online)).

Each institution is responsible for deciding how their funds will be divided among projects eligible to receive IOF. Institutions can distribute their IOF allocation based on actual operating and maintenance needs, as opposed to allocating the exact amount to the project that generated it. This offers institutions maximum flexibility to support projects with different needs and scope, while ensuring accountability.

## **2.4 National Platforms Fund**

The objective of the National Platforms Fund is to provide research infrastructure, resources and services that meet the needs of many research areas, and that may require periodic reinvestments in technology to remain internationally competitive. To achieve this objective, institutions must take a pan-Canadian approach that transcends their own priorities and development plans, and garners the support of a number of partners and agencies. To date, high performance computing, knowledge management infrastructure and digital content infrastructure have met the intent of this fund.

## **2.5 Automotive Partnership Canada Fund**

The CFI, the Natural Sciences and Engineering Research Council (NSERC), the Social Sciences and Humanities Research Council (SSHRC), the National Research Council and the Canada Excellence Research Chairs program have created Automotive Partnership Canada (APC), an initiative that will provide \$145 million in research funding over five years to support significant, collaborative R & D activities for the benefit of the Canadian automotive industry.

APC's mission is to support R & D that will help the Canadian automotive sector reach a greater level of innovation. Its emphasis is on transformative, integrated projects or programs that give Canadian industry and academia the resources required to further their automotive R & D ambitions. Projects must be industry-driven and align with one of the following strategic research themes: improving the automobile's environmental performance and impact, developing the cognitive car or advancing the next generation of manufacturing.

The CFI has committed up to \$15 million to APC. Requests for research-infrastructure funding from the CFI will be considered only when they are demonstrated to be an essential part of a larger, integrated project involving research activities supported by other APC partner agencies. Institutions should confirm their eligibility with NSERC and/or SSHRC. The CFI will fund a maximum of 40 percent of the total eligible costs of the infrastructure project. The remainder must be provided by the institution(s) and/or eligible funding partners.

Proposals will be assessed on the quality of research, the strengthening of the capacity for innovation, the benefits to Canada, as well as on their relevance to and participation by industry. Proposals should clearly identify how the industrial partner(s) is in a position to exploit successful research results and how the research will benefit the Canadian automotive sector within a reasonable time frame. The CFI will jointly review proposals with NSERC and/or SSHRC. The review process will be commensurate with the size and complexity of the project. For more information, consult the APC website at [www.apc-pac.ca](http://www.apc-pac.ca).

## 2.6 Exceptional Opportunities Fund

While most infrastructure projects require significant time to develop from conceptualization to implementation, there are rare instances where an exceptional research opportunity could be missed if it had to follow regular national competition processes. The CFI created the Exceptional Opportunities Fund to assist institutions and their partners in seizing such unique opportunities.

To qualify for funding, a project must take advantage of an exceptional and time-sensitive opportunity and partnership — such as the potential loss of research funding from international sources or the private sector — that justifies it being considered outside the CFI's regular pan-Canadian competitive review process. The project must include the timely coordination and financial support of other relevant agencies for the funding of research, infrastructure and operations. Infrastructure must also be an indispensable element of the project. Projects that have already been reviewed, in whole or in part, by the CFI are not eligible.

Since the CFI expects to consider very few projects under this fund, institutions should first approach their CFI Senior Programs Officer to discuss eligibility. The application process has two steps:

1. The institution submits a notice of intent that addresses the exceptional opportunity, the significance of the partnership and the urgency for funding outside the CFI's normal processes. A multidisciplinary committee will review the notice of intent and recommend whether the CFI Board should invite a complete proposal.
2. Once a full proposal is submitted, the assessment process will be tailored to the nature and complexity of the proposal.

The CFI will fund a maximum of 40 percent of the total eligible costs of the infrastructure project. The remainder must be provided by the institution(s) and/or eligible funding partners.

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### 3.1 Eligibility guidelines

Eligible institutions are permitted to apply for, receive and administer funding from the CFI.

An eligible institution is defined as:

- A university, hospital, or post-secondary college or educational institution that is situated in Canada and has demonstrated its capacity to support and conduct research.

OR

- A non-profit institution that is not an agency of the federal government, provincial or territorial government or for-profit organization, has its activities primarily carried out in Canada, and has demonstrated its capacity to support and conduct research.

Every institution wishing to apply for CFI funding and/or receive and administer CFI funding must request confirmation of eligibility from the CFI. Proposals for funding will only be accepted from an institution once its eligibility has been confirmed. Detailed eligibility conditions are described in the following sections.

#### 3.1.1 Universities

The CFI may approve a university as an eligible institution if it demonstrates all of the following:

- Capacity to support and conduct research
- Ability to grant degrees (minimum bachelor's level)
- Full qualification to carry out independent research and proven research track record for the large majority of faculty members
- Engagement of faculty members in research

- Provision of sufficient time, facilities and services that enable faculty members to conduct research
- No institutional constraints on the publication of research results
- Willingness and ability to administer CFI funding in accordance with the CFI's requirements

The institution must also include the following information to confirm its eligibility:

- Official statement of policy regarding the role of research at the institution in the context of its educational mandate
- List of faculty members actively involved in research
- Brief descriptions of a representative sample of research conducted at the institution
- List of publications authored by the institution's faculty members over the last three years
- List of grants and contracts awarded to the institution and/or the institution's faculty members over the last three years

### **3.1.2 Other post-secondary educational institutions**

The CFI may approve any other post-secondary educational institution (e.g. college or Cegep) as an eligible institution if it demonstrates all of the following:

- Capacity to support and conduct research
- Ability to grant diplomas or "diplôme d'études collégiales (DEC)," in accordance with provincial or territorial standards
- Existence of an established research mission
- Availability of the necessary resources to carry out the research mission
- Full qualification to carry out independent research and proven research track record for teachers proposed as principal investigators
- Provision of sufficient time, basic facilities and services that enable teachers to conduct research
- No institutional constraints on the publication of research results
- Willingness and ability to administer CFI funding in accordance with the CFI's requirements

The institution must also include the following information to confirm its eligibility:

- Official statement of policy regarding the role of research at the institution in the context of its educational mandate
- List of teachers actively involved in research



- Brief descriptions of a representative sample of research conducted at the institution
- List of publications authored by the institution's teachers over the last three years
- List of grants and contracts awarded to the institution and/or the institution's teachers over the last three years

### **3.1.3 Hospitals**

The CFI may approve a hospital as an eligible institution if it demonstrates all of the following:

- Capacity to support and conduct research
- Existence of an established research and training mission
- Availability of the necessary resources to carry out the research and training mission
- Full qualification to carry out independent research and proven research track record for employees proposed as principal investigators
- Provision of sufficient time, basic facilities and services that enable employees to conduct research
- No institutional constraints on the publication of research results
- Willingness and ability to administer CFI funding in accordance with the CFI's requirements

The institution must also include the following information to confirm its eligibility:

- Official statement of policy regarding the role of research and training at the institution
- CVs of employees proposed as principal investigators
- Brief descriptions of a representative sample of research conducted at the institution
- List of publications authored by the institution's employees over the last three years
- List of grants and contracts awarded to the institution and/or the institution's employees over the last three years

### **3.1.4 Non-profit research institutions**

The CFI may approve a non-profit research institution as an eligible institution if it demonstrates all of the following:

- Non-profit status for income tax purposes
- Capacity to support and conduct research
- Existence of an established research and training mission
- Availability of the necessary resources to carry out the research and training mission
- Full-time appointment of researchers to conduct research

- Full qualification to carry out independent research and proven research track record for researchers proposed as principal investigators
- Provision of sufficient time, basic facilities and services that enable employees to conduct research
- No institutional constraints on the publication of research results
- Willingness and ability to administer CFI funding in accordance with the CFI's requirements

The institution must also include the following information to confirm its eligibility:

- Statutes, incorporation documents and bylaws
- List of the members of the Board of Directors, including the current occupation of each member
- Detailed outline of the organization's research training activities, including the education level of trained individuals (e.g. master's student, post-doctoral fellow, etc.)
- Institution's publication policy
- CVs of the researchers employed by, or appointed to, the non-profit research institution (CVs of researchers with a full-time appointment in another institution are not acceptable)
- Brief descriptions of a representative sample of research conducted at the institution
- List of publications authored by the institution's researchers over the last three years
- Institution's operating and research budgets, including annual research and research training components, for the last three years

When a non-profit institution requests status as an eligible institution, the CFI must review the institution's statutes to ensure that the institution is not an agency of the federal government, provincial or territorial government, or a for-profit organization. In cases where the legal status of an institution is unclear, the CFI will seek legal advice in determining the institution's eligibility.

### **3.2 Exceptions**

An institution that is affiliated, federated or closely associated with another eligible institution will not be considered eligible unless it receives its operating budget directly from the provincial or territorial government and has its own Board of Directors.

If the institution does not meet these criteria, it must apply for CFI funding through the eligible institution with which it is affiliated, federated or closely associated. The eligible institution will then receive and administer funding.

Networks of Centres of Excellence (and similar organizations sponsored by provincial or territorial governments), Canadian Institutes of Health Research and Genome Canada centres may submit proposals to the CFI through one or more participating eligible institutions.

### **3.3 Exclusions**

The following organizations will not be considered eligible and cannot apply for, receive or administer CFI funding:

- For-profit organizations and agencies of for-profit entities
- Federal departments, departmental corporations, Crown corporations or wholly owned subsidiaries of Crown corporations
- Provincial or territorial departments, agencies or Crown corporations (except for universities, colleges, other educational institutions or hospitals)
- Non-profit corporations that have been established by any of the above

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The CFI usually provides funding to a maximum of 40 percent of the total eligible costs of the infrastructure projects it supports. The remainder must be provided by the institution(s) and/or eligible funding partners. An eligible recipient is defined as the eligible institution — alone or as a member of a group (the majority of which are eligible institutions) — that receives and administers CFI funding as part of a proposal for an infrastructure project.

### 4.1 Eligible infrastructure projects

An eligible infrastructure project involves the modernization, acquisition, development or leasing of research infrastructure. The eligible infrastructure represents a new capital asset and provides new and/or improved research capability, including research tools and/or research facilities.

The CFI does not expect to receive separate proposals for each item of infrastructure. Rather, each proposal should include all the necessary and eligible infrastructure items required to successfully carry out the project.

## 4.2 Infrastructure ownership

The eligible recipient will operate and use the research infrastructure, and will assume responsibility for insuring all CFI-funded research infrastructure, including powered vehicles. It will also exercise de facto control over and hold a majority interest in the research infrastructure for a period of five years from the date of acquisition and installation of the research infrastructure, or for a period the CFI deems appropriate.

With pre-approval from the CFI, the eligible recipient may transfer de facto control and majority interest in the research infrastructure to another eligible institution or group (the majority of which are eligible institutions) during the five-year period.

## 4.3 Intellectual property ownership

The CFI does not keep or claim any ownership of, or exploitation rights to any intellectual property arising from CFI-funded infrastructure projects. The CFI expects the recipient institution to determine these rights in accordance with its institutional policies.

## 4.4 Location of infrastructure

The infrastructure will normally be located at the eligible institution(s), but may be located outside if the institution can demonstrate that the alternate location is required and benefits the funded project. In such cases, the eligible institution must still exercise de facto control over and hold a majority interest in the CFI-funded infrastructure. The infrastructure must normally be located within Canada.

## 4.5 Eligible costs for infrastructure projects

Eligible costs are defined as costs of modernizing, acquiring, developing or leasing research infrastructure. The full cost of each item must be reported. The taxes net of credits received may be included. They must not be calculated on an in-kind portion.

Infrastructure used for additional purposes other than research is eligible as long as it is primarily used for research and that the total cost is pro-rated to include only the research portion of the infrastructure. When estimating the proportion of time that the infrastructure is used for research (i.e. time used for research divided by total available time), the following factors should be considered:

- **Availability of the infrastructure for research.** For calculation purposes, the time used for research may correspond with the time available for research.
- **Normal operating period.** For calculation purposes, the total available time may correspond with the normal operating period. For example, if a particular piece of equipment is only used on weekdays, non-research use on weekends does not need to be considered.
- **Variation of use over time.** If use of the infrastructure is expected to vary over time, a weighted average over the required five-year period of de facto control should be calculated.

Examples of eligible and non-eligible costs are provided below. Additional details of costs relating to personnel, construction or renovation, databases and digital libraries are provided in the following sections. Eligible costs associated with a specific competition are detailed in the relevant Call for Proposals archived under “Funds” in the “Programs” section of the CFI website ([www.innovation.ca/en/programs/funds](http://www.innovation.ca/en/programs/funds)). If a particular item is not clearly defined as eligible or ineligible, the CFI will consider the request on a case-by-case basis.

### **Eligible costs**

- Research equipment and components
- Leasing of equipment when as cost effective as purchasing
- Shipping, transportation and installation of research infrastructure (including brokerage fees, excise taxes and duties)
- Warranty and/or service contract purchased at the same time as the research infrastructure. The initial warranty period plus any extended warranty/service contract period must not exceed five years.
- Software licences. The initial licensing period plus any upgrade(s) must not exceed five years.
- Laboratory furniture
- Communications infrastructure used for research activities (including infrastructure required for collaborations identified in the proposal)
- Travel to a manufacturer, dealer or supplier to select research infrastructure
- Initial training for the main operator(s) of the research infrastructure. It is expected that the main operator(s) will train other users. Alternatively, an initial group training session may be provided by the vendor at the institution.
- Professional, technical and managerial personnel, consultants and contractors directly involved in the design, engineering, manufacturing, installation, construction or renovation of the infrastructure
- Construction or renovation of space essential for housing and effectively using the infrastructure
- Acquisition of a database or the time-limited design and development of a database to the point that it is ready for exploitation by a designated research community
- Costs associated with a digital library initiative that builds on the CFI-funded Canadian National Site Licensing Project

### **Non-eligible costs**

- Purchase or lease of real property
- Supplies and consumables
- Infrastructure used for teaching and/or clinical care

- Infrastructure used for dissemination of research results
- Office supplies and office furniture
- High-speed network access to the regional (Optical Regional Advanced Network) and national (CANet) backbones
- Trainee stipends (undergraduates, graduates and post-doctoral fellows) and researcher salaries
- Operating costs related to the general maintenance and overhead of the research infrastructure, and of the building or other facilities in which the research infrastructure is situated
- Research-related costs (e.g. primary data collection, recruitment initiatives, publication fees, etc.)
- Conference travel
- Administrative costs not specifically listed as eligible costs

#### **4.5.1 Personnel**

The costs of retaining professional, technical and managerial personnel, consultants and contractors directly involved in the design, engineering, manufacturing, installation, construction or renovation of the infrastructure are eligible.

If an institution retains the services of an external provider, the full cost of that provider is considered eligible, assuming it is related to eligible activities. Alternatively, some institutions may have professionals, technicians, managers and consultants on staff to perform eligible activities.

Normally, each institution has its own established practices that dictate how costs associated with internal services are charged. Although internal practices vary, they usually consist of one or more of the following:

- The actual salary cost of the individual plus fringe benefits, multiplied by the actual time
- An internal rate reflecting an average salary cost plus associated fringe benefits, multiplied by the actual time
- An internal rate reflecting an average salary cost plus associated fringe benefits plus overhead component, multiplied by the actual time\*
- An approved internal fee for service, which may include an overhead component\*
- In the case of architectural and/or engineering and/or project management costs related to construction/renovation projects, a fixed percentage of total construction/renovation costs. The percentage may include an overhead component.\*

\*The service departments following those practices usually operate on a full cost recovery basis.

The CFI always accepts the first two practices. If an institution does not recuperate more than the full costs of a department associated with providing the services through

the use of an internal rate, fee or fixed percentage, and if the costs of a department that are recovered from the CFI are not claimed for reimbursement from another source, the CFI will accept the remaining practices if:

- it is the normal practice of the institution for the employee providing the service or performing the work related to the eligible activity. This means that the practice used to report expenditures for a CFI-funded project must be consistent with the way expenditures are reported for similar services associated with activities that are not related to a CFI-funded project;
- the internal rate, fee or fixed percentage of construction/renovation cost used is the same as that for all other internal clients;
- the rate, fee or fixed percentage used is less or equal to fair market value.

If one of these conditions is not met, then the first two practices must be used to report expenditures for a CFI-funded project.

#### **4.5.2 Construction and renovation**

Infrastructure projects may involve the construction of a new building or the development of new space in an existing building (e.g. new floors, reconfiguration of existing space, etc.) only when new space is essential to house and use the eligible infrastructure. Thus, instalment(s) for the equipment to be located in the constructed or renovated space will only be paid once the space is ready to house the equipment. Where there is an option to either renovate an existing building or construct a new building, the most cost-effective option must be chosen.

##### **Eligible costs**

- Direct construction or renovation costs, soft costs (e.g. site development and planning, architectural and design services, professional fees, permits and insurance) and contingency costs (at the application stage only; cannot exceed 10 percent of the construction costs) for:
  - space to house the infrastructure (e.g. laboratories, animal facilities, computer rooms and greenhouses);
  - space to use the infrastructure or conduct research (e.g. workstations, storage areas, technicians' offices and interview rooms);
  - additional space to house and use other eligible infrastructure (i.e. not part of the current proposal) that is essential to the use of the requested infrastructure. The primary justification for any new or renovated space must be the housing and use of the requested infrastructure;
  - essential (i.e. as required by building codes) common elements, such as custodial areas, circulation areas, stairways, elevator shafts, mechanical and utility areas and space occupied by structural features (e.g. fire walls).
- Costs related to the essential modification of the space immediately adjacent to the CFI-eligible constructed or renovated space that are a direct result of the construction or renovation of the eligible space



## **Non-eligible costs**

- Direct construction or renovation costs, soft costs and contingency costs for:
  - space for non-research use (e.g. administration, teaching and clinical services);
  - space to house non-eligible equipment;
  - office space for faculty, administrative staff and students;
  - space for meeting or conference rooms.
- Costs to relocate existing tenants
- Landscaping costs
- Art collections
- Administrative costs

## **Cost allocation for CFI-funded construction or renovation that is part of a larger undertaking**

When the CFI funds a portion of a larger construction or renovation project, the estimated costs for the CFI-funded space must reflect, as accurately as possible, the actual cost of this space. Costs for common elements and soft costs must be pro-rated to the CFI-funded portion of the undertaking. It is the responsibility of the institution to develop an appropriate cost allocation method in such instances. A framework for the evaluation of cost allocation methods as well as examples of detailed and simplified cost allocation methods are available under “Frequently Asked Questions” in the “Finance” section of the CFI website ([www.innovation.ca/en/finance/frequently-asked-question](http://www.innovation.ca/en/finance/frequently-asked-question)). The CFI will allow an institution to use a simplified cost allocation method only if the average cost of the CFI-funded space is representative of, or higher than, the average cost of the overall undertaking.

## **Requirements at the application stage**

Infrastructure projects that include construction or renovation must be developed well beyond the conceptual stage when proposals are submitted. The CFI expects the institution to have defined the needs for the building, explored and decided upon the most feasible option, and determined reliable estimates of the construction or renovation costs (e.g. estimates by a quantity surveyor or contractor, use of industry standards, or recent experience with similar construction or renovation).

The CFI expects institutions to start the construction or renovation component of a funded project within 18 months of award approval. Within this time frame, institutions must have finalized contracts for construction or renovation and begun the construction or renovation work. While the CFI recognizes that some projects may involve large and complex construction or renovation components, institutions are expected to have completed planning and development work for such projects at the application stage. When a project involves multiple sites, the construction or renovation on every site should start within 18 months of award approval.

For all construction/renovation projects, the institutions must provide:

- a complete descriptions of the entire new space, including common elements (e.g. corridors, washrooms, etc.). The description should include the location(s), size (in square feet or square metres) and nature (wet lab, dry lab, office, greenhouse, etc.) of the new space;
- a timeline identifying key dates for the various stages of the proposed construction;
- a detailed breakdown of the overall cost of the construction/renovation project, categorized by cost component (i.e. direct construction costs, soft costs and contingency costs);
- a rationale for special circumstances that may affect the cost;
- the overall cost per square foot or square metre;
- floor plans of the proposed new area(s), showing the location of the infrastructure and the scale of the plans (when construction/renovation involves multiple rooms).

### **4.5.3 Databases**

A research database is a systematic collection of information that is designed and structured for access and use as a research tool or resource. It may be housed in one central location or distributed across a network. CFI funding will focus on either the acquisition of a database or the time-limited design and development of a database to the point that it is ready for use by a designated research community.

#### **Eligible costs**

- Computers, communications hardware and software
- Purchase or lease of existing datasets. The initial access period plus any update must not exceed five years.
- Technical or professional work required for the time-limited design and development of a database to the point that it is ready for use by a designated research community, including:
  - data cleaning (i.e. verification, editing), coding, format conversion, data entry and data transfer;
  - design, development, beta testing, piloting, commissioning and integration of the database(s);
  - merging and organizing existing data that are not already in accessible reference units that can be used efficiently and effectively.
- Development of documentation or electronic user manuals and guides for the database
- Construction/renovation of a facility to house and use the database

### **Non-eligible costs**

- Research costs to produce a dataset or database, including:
  - primary data collection;
  - questionnaire development;
  - survey protocol design;
  - development of sampling methodologies;
  - fieldwork;
  - conduct of surveys and interviews.
- Non-technical personnel costs (e.g. privacy officers, security auditors, security personnel)
- Routine update of a database
- Fees for accessing a database for research use
- Research activities using the CFI-funded database

### **4.5.4 Digital libraries**

In 1999, the CFI awarded \$20 million to the Canadian National Site Licensing Project, which was intended to provide Canadian universities with access to electronic publications in diverse research areas, including social sciences and humanities. Any new digital library project is expected to build upon the original initiative.

### **Eligible costs**

- Initial acquisition of new forms of content (e.g. linked and structured databases, national site licences)
- Creation or enhancement of an operational information collection (excluding conventional acquisitions) in a specific research application area (e.g. health, environment, etc.)
- Acquisition and customization of tools for supporting regional or national networked content (e.g. hardware, communications, security and applications software)
- Acquisition and customization of tools to enhance value for the user (e.g. intelligent search, analysis and representation agents)

### **Non-eligible costs**

- Construction or renovation of conventional libraries
- Upgrade of facilities for accessing conventional library collections
- Costs to maintain library collections (e.g. digitizing or converting existing, conventional collections to electronic format)
- Conventional collections

## 4.6 Eligible costs for the Infrastructure Operating Fund

Under the Infrastructure Operating Fund (IOF), the costs of operating and maintaining CFI-funded infrastructure are eligible. Unlike the majority of CFI's programs, no partner funding is required.

An eligible operating and maintenance cost for the IOF must meet the following conditions:

- The infrastructure item to which it relates must have been funded by the CFI as part of an infrastructure project eligible to receive IOF. As a result, it appears on the [Itemized List](#) submitted at award finalization. All CFI projects approved after July 1, 2001, are eligible to receive IOF, with the exception of projects funded under the Canada Research Chairs Infrastructure Fund and the international funds.
- The CFI-funded infrastructure project to which it relates must have passed the stage of award finalization (i.e. an award agreement is in place for the project).
- The operating and maintenance activities are needed to ensure the infrastructure can be used to carry out the proposed research.
- The infrastructure must still be used for research purposes. There is no maximum number of years for which IOF can be claimed, as long as the infrastructure is still being used for research purposes during the period claimed.

Only the proportion of operating and maintenance costs associated with research is eligible.

### Eligible costs

- Salaries (including benefits) of highly qualified personnel (technicians or professionals) directly involved in the operation and maintenance of the CFI-funded infrastructure. The full salary of the highly qualified personnel may be eligible if the infrastructure cannot be operated without their assistance.
- Maintenance and repairs, including maintenance contracts
- Extended warranties and/or service contracts (including parts and professional labour) not included in the initial application for the infrastructure project
- Extensions to warranty coverage and software upgrades
- Replacement parts
- Replacement of a CFI-funded infrastructure item needing repair, only if replacement is more cost effective than repair (the replacement item must have similar functionality)
- Services (e.g. electricity, security, cleaning) that directly support the CFI-funded equipment or CFI-funded constructed/renovated space (only the portion attributable to the CFI-funded infrastructure is eligible)
- Supplies and consumables needed to operate the research infrastructure (not to exceed 10 percent of the cumulative total IOF claimed by the institution)

## **Non-eligible costs**

- Cost of equipment, installation and construction/renovation deemed eligible under a CFI infrastructure project
- Upgrades related to the infrastructure
- Extended warranties and/or service contracts included in the initial application for the infrastructure project
- Telephone, Internet and cable or satellite television services that are not necessary to ensure the infrastructure can be used for research
- Insurance
- Costs not directly related to the CFI-funded infrastructure (e.g. maintenance contract for equipment not acquired through a CFI-funded infrastructure project that is eligible to receive IOF, services related to space for which the CFI has not funded the construction/renovation, etc.)
- Trainee stipends (undergraduates, graduates and post-doctoral fellows) and researcher salaries
- Personnel with a primary responsibility for training users
- Administrative, secretarial or clerical personnel not directly related to the operation and maintenance of the infrastructure (e.g. research services office, library and finance services)
- Any cost to conduct research activities
- Costs attributed to the dissemination of information such as promotion, publications or conferences
- Expenditures claimed for reimbursement from another source

## **4.7 Eligible partner contributions**

The definition of eligible costs also applies to funding provided by eligible partners. Only those contributions to the eligible costs of a project will be accepted as eligible partner contributions.

### **Eligible partners (Canadian or foreign)**

- Institutional funds, trust funds or foundations
- Departments and agencies of the federal government
- Departments and agencies of provincial, territorial and municipal governments
- Firms and corporations
- Non-profit organizations
- Individuals

## Non-eligible partners

- Members of the Tri-Council: Canadian Institutes of Health Research (CIHR), Natural Sciences and Engineering Research Council (NSERC) and Social Sciences and Humanities Research Council (SSHRC)
- Tri-Council programs (e.g. Networks of Centres of Excellence, Canada Research Chairs and Indirect Costs Program)

The CFI will, however, allow the cost of eligible item(s) to be covered in part by these non-eligible partners provided that this portion is not used to leverage CFI funds. The portion of an eligible item's cost for which the CFI funding will be calculated (usually a maximum of 40 percent) will be the total cost of eligible item(s) less the funding received from the Tri-Council agency or program.

For example:

Full actual cost of eligible item(s)	\$200,000
Funding source(s) for the purchase of eligible item(s)	(\$40,000)
Portion of cost for which CFI funding will be calculated	<u>\$160,000</u>
Maximum CFI funding (40%)	(\$64,000)
Other eligible funding source(s)	<u>\$96,000</u>

A partner contribution that has already been used in full or in part to match funds for another project funded by CIHR, NSERC, SSHRC or any Tri-Council program will not be recognized as an eligible partner contribution for a CFI-funded project.

All partner contributions must be secured within nine months following a CFI decision. Institutions must provide a persuasive plan for securing the funds within this time frame at the application stage. A funding request to a provincial program constitutes a persuasive plan, but an application to an agency that reviews and decides on funding independently of the CFI's decisions is not.

The source of partner contributions is not judged as a selection criterion. Nevertheless, the presence of a specific source of funding may demonstrate commitment to the project, interest of potential users of the infrastructure, interest of beneficiaries of research results, or interest of potential employers in the highly qualified personnel.

In addition, partners may contribute to projects for purposes outside those included in the definition of eligible infrastructure. These contributions should be described in the proposal to further highlight the interest and commitment to the project, but they will not be counted as part of the infrastructure funding when the CFI applies its cost-sharing formula.

## **4.8 Eligible in-kind contributions**

In-kind contributions are defined as eligible non-monetary resources that external eligible partners provide for eligible projects. The CFI considers all contributions made by an eligible institution to a project to be a cash contribution.

The CFI will recognize eligible infrastructure items involving in-kind contributions at fair value. In-kind contributions must be eligible contributions for the acquisition and development of infrastructure, and may include the value, in whole or in part, of capital items (e.g. equipment and facilities) that eligible external partners donate to the eligible institution. The value, in whole or in part, of certain non-capital eligible items that are needed to bring the infrastructure into service, such as professional services and training, may also be included as in-kind contributions. In-kind contributions to the operating costs of research, however, will not be accepted.

## **4.9 Valuation and reporting of items involving in-kind contributions**

### **4.9.1 Definitions**

The following definitions apply to Sections 4.9 and 6.5.

#### **Fair market value (eligible cost)**

The agreed-upon price in an open and unrestricted market between knowledgeable and willing parties dealing at arm's length who are fully informed and not compelled to transact. The fair market value is the price an institution would be expected to pay in such circumstances, after normal and educational discounts, but prior to any special CFI discount offered towards a CFI-funded project.

#### **Normal discount**

The discount a vendor would normally offer to an institution, taking into consideration factors such as the institution's current volume of transactions and location. Discounts for early settlement or for settlement in cash are considered normal discounts.

#### **Educational discount**

The discount offered to an institution due to its educational status.

#### **Net selling price**

The cash consideration paid or payable by the institution.

**Special CFI discount (eligible in-kind contribution)**

Any discount beyond the normal and educational discounts offered to an institution, which is specifically offered as a contribution toward a CFI-funded project. The special CFI discount is equal to the fair market value of the item less the net selling price. For example:

List price of an item	\$500
Normal discount (if any)	(\$20)
Educational discount (if any)	(\$80)
Fair market value (eligible cost)*	<u>\$400</u>
Net selling price (cash consideration)**	<u>(\$300)</u>
Special CFI discount (eligible in-kind contribution)	<u><u>\$100</u></u>

\* In some cases, the fair market value of the item may not be known and the value must be assessed using commonly accepted methods. Institutions should refer to [Section 6.5.3](#) for a complete list of acceptable valuation practices.

\*\* Nil in the case of wholly donated items.

**4.9.2 Valuation of items involving in-kind contributions**

The valuation method depends on the nature of the item. In some cases, the fair market value of the item is known. In other cases, the value must be assessed using commonly accepted methods. Table 4.1 describes how items involving in-kind contributions should be valued. If an item is not specifically referenced in the table, please contact the CFI.



**Table 4.1 – Acceptable valuation practices**

Nature	Scenario	Acceptable valuation practices
Equipment, warranties, components, software licences and upgrades	<p>Item is regularly sold to other customers (i.e. not one-of-a-kind), and more than one supplier is willing to provide it</p> <p style="text-align: center;"><b>OR</b></p> <p>Item is not regularly sold to other customers (i.e. one-of-a-kind), and more than one supplier is willing to provide it</p> <p style="text-align: center;"><b>OR</b></p> <p>Item is regularly sold to other customers (i.e. not one-of-a-kind), and only one supplier is willing to provide it</p>	<p><a href="#">Fair market value</a> of the item upon transfer of ownership to the institution</p>
	<p>Item is not regularly sold to other customers (i.e. one-of-a-kind), and only one supplier is willing to provide it</p>	<p>Supplier's incremental manufacturing cost (excluding general R &amp; D costs)</p> <p style="text-align: center;"><b>OR</b></p> <p><a href="#">Fair market value</a> of the item upon transfer of ownership to the institution</p>
	<p>Used item from contributor who is not in the business of selling it</p> <p><b>Note:</b> If used item is donated by supplier who is in the business of selling the item, the above guidelines apply.</p>	<p>Initial cost of the item less maximum capital cost allowance prescribed by the Income Tax Act</p> <p style="text-align: center;"><b>OR</b></p> <p><a href="#">Fair market value</a> of the item upon transfer of ownership to the institution</p>
	<p>Long-term loan/lease</p>	<p>Cost of rental equivalent to most favoured customers (excluding financing charges)</p>

Nature	Scenario	Acceptable valuation practices
External professional services	Similar services provided to fee-paying clients	<a href="#">Fair market value</a> of the services (actual rates or fees charged for similar services provided to fee-paying clients) <b>Note:</b> Commercial rates are not acceptable if they differ from rates actually charged to fee-paying clients.
Datasets	Sold to third parties	Price of dataset charged to a third party plus incremental costs to customize
	Not otherwise sold to third parties	Incremental cost to customize
Travel	Travel costs incurred by a supplier that are donated to a particular project	Travel costs (economy) incurred by a supplier

Information regarding special requirements and documentation practices for the valuation process are outlined in [Section 6.5](#).

### 4.9.3 Reporting of items involving in-kind contributions

Items involving in-kind contributions must be assessed and reported as eligible costs in a CFI-funded project at fair market value.

Associated sources of funding for items will usually consist of cash and an in-kind contribution. It is important to note that only a special CFI discount in excess of the normal and educational discounts constitutes an eligible in-kind contribution that can be reported to the CFI. The special CFI discount (eligible in-kind contribution) is equal to the fair market value of the item less the net selling price.

For example:

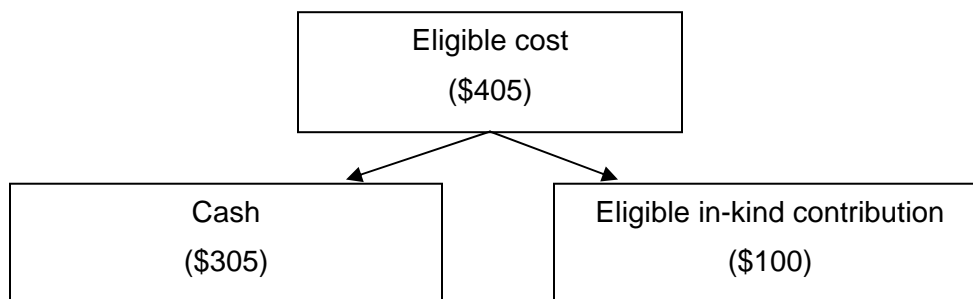
List price of an item	\$500
Normal discount (if any)	(\$20)
Educational discount (if any)	(\$80)
Fair market value (eligible cost)*	<u>\$400</u>
Net selling price (cash consideration)**	(\$300)
Special CFI discount (eligible in-kind contribution)	<u><u>\$100</u></u>

\* In some cases, the fair market value of the item may not be known and the value must be assessed using commonly accepted methods. Institutions should refer to [Section 6.5.3](#) for a complete list of acceptable valuation practices.

\*\* Nil in the case of wholly donated items.

Taxes associated with the cash portion of an item involving an in-kind contribution, net of any rebate received, can be included in the eligible cost reported to the CFI. Taxes must not be calculated and reported for the portion of the item considered an in-kind contribution. Therefore, in the above example, if we assume that taxes of \$5 were paid on this purchase (net of rebate received), then the institution should report the following to the CFI.

**Figure 4.1 – Taxes and in-kind contribution**



## 4.10 Dates of eligibility

The institution is responsible for ensuring that cash and in-kind contributions from partners, as well as expenditures incurred by the institution, have been made after the date of eligibility set for each fund. Expenditures are considered incurred when goods are received, services have been rendered or work has been performed.

**Table 4.2 – Dates of eligibility for active funds**

Fund	Decision date	Date of eligibility
Leading Edge Fund/ New Initiatives Fund 2009	June 2009	January 1, 2007
Leaders Opportunity Fund	March, June and November each year	Six months prior to application submission
Automotive Partnership Canada Fund	March, June and November each year, until funds are exhausted	Six months prior to application submission

**Table 4.3 – Dates of eligibility for inactive funds**

Fund	Decision date	Date of eligibility
Leading Edge Fund/ New Initiatives Fund 2006	November 2006	January 1, 2004
Innovation Fund (including Regional/National Facilities)	February 2004	January 1, 2002
	January 2002	July 1, 2000
	July 2000	January 1, 1999
	June 1999 March 1999 October 1998	July 1, 1997
University Research Development Fund	October 1998- June 2001	July 1, 1997

Fund	Decision date	Date of eligibility
College Research Development Fund	July 2000	January 1, 1999
	June 1999	July 1, 1997
Research Hospital Fund 2007 – Large-Scale Institutional Endeavours	June 2008	February 19, 2003
Research Hospital Fund 2007 – Clinical Research Initiatives	March 2008	February 19, 2003
Research Hospital Fund 2004	October 2004	January 1, 2002
International Joint Venture Project 2005	November 2006	Not applicable
International Joint Ventures Fund/International Access Fund	June 2002	July 3, 2001
Ongoing New Opportunities Fund	September 1998-October 2005	Six months prior to the candidate taking up the faculty appointment
New Opportunities Fund	August 1998	July 1, 1995
Canada Research Chairs Infrastructure Fund	December 2000-February 2006	Six months prior to the candidate taking up the Chair position
Career Awards (NSERC Steacie Fellowship)	April 2005 April 2004 June 2003 June 2002	Award announcement date (March 2002-2005)
Career Awards (CIHR Michael Smith Prize)	April 2005	Award announcement date (November 24, 2004)
Career Awards (CIHR Distinguished Investigator Award)	October 2003 October 2002	Award announcement date (March 16, 2004 and November 14, 2002)

## 5. APPLICATION AND REVIEW PROCESS

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### 5.1 Before submitting a proposal

#### 5.1.1 Institutional Agreement

Before submitting proposals to the CFI, institutions must sign the Institutional Agreement. This agreement defines the conditions under which eligible recipients may use CFI funding.

In the Institutional Agreement, the President/CEO of the institution may designate the following individuals to act on his or her behalf:

- A CFI account administrator who has custody of the CFI funds and is accountable for the institutional CFI financial accounts, related records and supporting documentation, and the submission of financial reports to the CFI
- One or two individuals authorized to sign proposals to the CFI on behalf of the institution
- A person who will act as the liaison between the institution and the CFI

Any changes to these designates should be communicated to the CFI immediately in writing by the President/CEO of the institution. The letter should include the signatures of the new designates. Alternatively, the institution may forward a revised Institutional Agreement to the CFI. The agreement is available on the CFI website ([www.innovation.ca/en/cfi-online/download-reference-forms](http://www.innovation.ca/en/cfi-online/download-reference-forms)).

### 5.1.2 Multi-institutional projects

For projects that involve two or more eligible institutions sharing CFI funding, the proposal must be submitted by one institution acting as the lead. Any other eligible institution that will receive funding must be identified in the proposal and must have signed the Institutional Agreement.

If the project is funded, the lead institution will then be responsible for:

- ensuring that a proper Inter-Institutional Agreement is in place and signed by all participating eligible institutions (including affiliated entities). At minimum, the agreement should state:
  - the institution that will act as the administrative centre for the project;
  - the roles and responsibilities of each institution for the infrastructure project;
  - the long-term operating and maintenance plan for the infrastructure;
  - the fund-sharing agreement between institutions (including any infrastructure operating funds); and
  - the current access plan for the infrastructure.
- ensuring that all participating eligible institutions are knowledgeable of CFI's guidelines with respect to the administration of CFI awards, as well as the maintenance of all supporting documentation;
- receiving funds and making payments to other participating eligible institutions as per the Inter-Institutional Agreement;
- ensuring that the distribution of funds for purposes of acquiring the infrastructure is only made to institutions that have been ruled as eligible by the CFI;
- ensuring that only institutions that have been ruled as eligible by the CFI will exercise de facto control over and hold a majority interest in the CFI-funded infrastructure;
- preparing consolidated financial reports, annual progress reports and institutional reports;
- liaising with the CFI for change requests, reporting of significant variances and addressing other issues, as required;
- coordinating audit work in the event that the project is audited (e.g. obtaining transaction details, supporting documentation, resolving issues, etc.);
- having adequate oversight processes and controls to ensure proper management of CFI funds at participating eligible institutions in the event that the Inter-Institutional Agreement does not transfer the responsibility for proper management of CFI funds to participating eligible institutions.

The lead institution will be the institution ultimately accountable for the award, and thus may want to consider including clauses in the Inter-Institutional Agreement to mitigate risk and provide recourse.

In some cases, however, the lead institution may request in writing that the responsibility for receiving and administering the CFI funds be given to another eligible institution that is part of the proposal.

### **5.1.3 Special requirements for certain types of infrastructure projects**

Each institution must ensure that its researchers follow existing guidelines and adhere to the requirements for their research facility. In signing the Institutional Agreement, institutions agree to conform to these guidelines.

#### **Research involving human subjects**

Institutions must follow the ethical guidelines set out in the *Tri-Council Policy Statement – Ethical Conduct for Research Involving Humans* ([www.pre.ethics.gc.ca/english/policystatement/policystatement.cfm](http://www.pre.ethics.gc.ca/english/policystatement/policystatement.cfm)).

#### **Research involving clinical trials**

Institutions must comply with Health Canada's drugs and health products regulations policies and guidelines ([www.hc-sc.gc.ca/dhp-mps/prodpharma/applic-demande/guide-ld/clini/index\\_e.html](http://www.hc-sc.gc.ca/dhp-mps/prodpharma/applic-demande/guide-ld/clini/index_e.html)).

#### **Research involving databases containing personal information**

It is the responsibility of institutions to ensure that researchers adhere to all ethical and legal requirements relating to privacy, confidentiality and security of the database information. Refer to CIHR guidelines on privacy and confidentiality ([www.cihr-irsc.gc.ca/e/29373.html](http://www.cihr-irsc.gc.ca/e/29373.html)).

#### **Research involving the care and treatment of animals**

Institutions must adhere to the guidelines of the Canadian Council on Animal Care (CCAC). Institutions must also maintain local animal care committees to assess and control animal experimentation, and obtain certification from the local animal care committee stating that the proposed facility complies with the principles outlined in the CCAC guide ([http://www.ccac.ca/en/CCAC\\_Programs/Guidelines\\_Policies/GUIDES/ENGLISH/toc\\_v1.htm](http://www.ccac.ca/en/CCAC_Programs/Guidelines_Policies/GUIDES/ENGLISH/toc_v1.htm)).

#### **Research involving biohazards**

Institution must adhere to the standards outlined in the Public Health Agency of Canada's *Laboratory Biosafety Guidelines, 2004* ([www.phac-aspc.gc.ca/publicat/lbg-ldmbl-04/](http://www.phac-aspc.gc.ca/publicat/lbg-ldmbl-04/)).

#### **Research involving radioactive materials**

Institutions must comply with all Canadian Nuclear Safety Commission regulations, recommended procedures and safety precautions ([www.nuclearsafety.gc.ca/eng/lawsregs/index.cfm](http://www.nuclearsafety.gc.ca/eng/lawsregs/index.cfm)).



## **Research involving possible adverse impacts on the environment**

Institutions must comply with all provincial, territorial and federal government regulations pertaining to environmental assessment. The federal regulations are outlined in the *Canadian Environmental Assessment Act* ([www.ceaa-acee.gc.ca/013/index\\_e.htm](http://www.ceaa-acee.gc.ca/013/index_e.htm)).

## **Research involving facilities in the Yukon, Northwest Territories and Nunavut**

All research facilities in the territories must be licensed. The following websites provide more information.

- Yukon: [www.tc.gov.yk.ca/scientists\\_explorers.html](http://www.tc.gov.yk.ca/scientists_explorers.html)
- Northwest Territories: [www.nwtresearch.com](http://www.nwtresearch.com)
- Nunavut: [www.nri.nu.ca](http://www.nri.nu.ca)

### **5.1.4 Strategic Research Plan**

The CFI requires each eligible institution to have an institutional Strategic Research Plan that sets priorities based on its vision for the future. Institutions are encouraged to set priorities in areas that integrate ideas and knowledge from many disciplines and sectors, and that build on their distinct advantages. When completing the Strategic Research Plan Summary, an institution should:

- outline the major objectives of its Strategic Research Plan;
- outline its major areas of research and research training;
- focus on those areas for which it intends to request support from the CFI;
- describe briefly what it has done to support the development of research and research training in the priority areas, and what it plans to develop for these and new areas of research;
- mention briefly its planned inter-institutional and inter-sectoral collaborations;
- describe briefly how it will measure success in meeting its objectives;
- describe briefly its planning and approval process (and the involvement of affiliated institutions).

Since most institutions have evolving plans, the CFI expects to receive updated Strategic Research Plan Summaries annually. During major competitions, the CFI may request an updated Summary from those institutions submitting proposals, which will be provided to the assessment committees.

## **5.2 Submitting a proposal**

Forms and instructions for applying for funds are available on the CFI website under “CFI Online” ([www.innovation.ca/en/cfi-online/download-reference-forms](http://www.innovation.ca/en/cfi-online/download-reference-forms)). A repository of application forms and reports, as well as a secured area for submitting institutional proposals are available. Applications must be completed by researchers and submitted electronically by the institution using the online forms. For reference purposes, PDF versions of these forms are available for printing.

**Table 5.1 – Important dates and deadlines for CFI funds**

Program	Expected timeline
Leading Edge Fund/ New Initiatives Fund 2009	Decision date: June 2009
<p>Leaders Opportunity Fund</p> <p>Stream 1: under \$1 million</p> <p>Stream 2: under \$1 million</p> <p>Stream 1 and 2: \$1 million to \$2 million</p> <p>Stream 3</p>	<p>Application deadlines: February 15, June 15 and October 15 every year</p> <p>Canada Research Chairs application deadlines: twice a year (<a href="http://www.chairs.gc.ca">www.chairs.gc.ca</a>)</p> <p>Notice of Intent: December 15 every year Application deadline: February 15 every year</p> <p>Federal research funding agencies application deadlines            CIHR: <a href="http://www.cihr-irsc.gc.ca">www.cihr-irsc.gc.ca</a>            NSERC: <a href="http://www.nserc-crsng.gc.ca">www.nserc-crsng.gc.ca</a>            SSHRC: <a href="http://www.sshrc.ca">www.sshrc.ca</a></p>
Infrastructure Operating Fund	Deadline: June 15 every year
Automotive Partnership Canada Fund	<p>Open call until 2014 or until the funds are exhausted</p> <p>APC: <a href="http://www.apc-pac.ca">www.apc-pac.ca</a></p> <p>Project Office: <a href="mailto:auto@nserc-crsng.gc.ca">auto@nserc-crsng.gc.ca</a></p>

### 5.3 Assessment criteria

All requests for CFI funding are subject to formal independent review and assessment. For competition-based funds (e.g. LEF/NIF), the review process will determine the degree to which competing requests satisfy the CFI criteria. For the allocation-based fund (LOF), the review process will determine the degree to which a request satisfies the criteria relative to CFI standards of excellence.

The CFI evaluates all proposals using the following three key criteria that reflect its mandate:

1. Quality of research
  - 1.1 Quality of research
  - 1.2 Quality of researchers
  - 1.3 Need for infrastructure
2. Strengthening the capacity for innovation
  - 2.1 Institutional commitment
  - 2.2 Management plan
  - 2.3 Operating and maintenance plan
  - 2.4 Training of highly qualified personnel
  - 2.5 Collaboration
3. Benefits to Canada

To be funded, a proposal must satisfy all three key criteria to a degree appropriate for the size and complexity of the infrastructure project. It is incumbent upon the applicant to demonstrate in the proposal how the project satisfies the requirements outlined under each criterion.

## 5.4 Review process

The review process is always independent and rigorous, and focuses on the degree to which a request satisfies the assessment criteria. As the CFI strives to thoroughly assess all proposals without imposing an undue burden on the research community, the review process varies according to the size of the requested investment, the complexity of the proposal, and the fund under which the proposal is submitted.

- Competition-based funds (e.g. LEF/NIF)
  - Expert committees
  - Multidisciplinary Assessment Committees (MAC)
  - Special Multidisciplinary Assessment Committee (S-MAC)
- Allocation-based fund (LOF)
  - Written reviews
    - External experts
    - College of Reviewers
  - Expert committees
  - Leaders Opportunity Fund Advisory Committee (LOFAC)
  - Multidisciplinary Assessment Committees (MAC)

The CFI regularly explores ways of jointly assessing proposals with the federal research funding agencies, particularly when projects need significant research funding directly related to an infrastructure project. The CFI and the provinces may also share project reviews to avoid duplicating efforts.

### **5.4.1 Competition-based review process**

#### **Expert committees**

Committee members include (as appropriate):

- researchers from various sectors, depending on the disciplines or areas of research covered by a proposal;
- university and business administrators;
- research procurement officers and technology transfer experts;
- end users of the research or technology development.

For large and complex infrastructure projects, an expert committee may also meet with a select number of project representatives for further clarification on various aspects of the proposal. A single report, based on the consensus decisions and comments of the committee members, is submitted to the CFI.

#### **Multidisciplinary Assessment Committee (MAC)**

MACs are composed of a chair and members with broad expertise in research, research management and the use of research results and technology. Quality and experience are the CFI's prime considerations in selecting committee members. In addition, the CFI strives to achieve a reasonable balance of language, gender, geographic region, economic sector, discipline and institution type. To benchmark proposals against international standards, committee members are also selected from abroad.

In their brief written recommendations to the CFI, MACs consider the degree to which each proposal satisfies the assessment criteria relative to other competing infrastructure projects. The recommendations are based on the MAC review of the proposals along with relevant reports by expert committees.

#### **Special Multidisciplinary Assessment Committee (S-MAC)**

The S-MAC reviews and integrates the assessments of the various MACs. Since excellence is paramount, the S-MAC plays a pivotal role in identifying those initiatives that have the greatest potential to transform the research environment.

The S-MAC:

- advises on and ensures consistency among the MACs;
- ensures that the proposals recommended for funding provide a rich portfolio of investments in infrastructure of various sizes and across diverse fields of research and technology development;

- recommends to the CFI Board those proposals that most effectively support the mandate of the CFI and represent the most effective portfolio of investments in infrastructure for Canada (if the MAC recommendations exceed the CFI's available resources). This entails strategic consideration of the alignment with institutional priorities as well as provincial and federal science and technology priorities in instances where projects have equivalent scientific merit.

All final decisions are taken by the CFI Board of Directors. Institutions receive the expert committee and MAC reports for each proposal.

### **5.4.2 Leaders Opportunity Fund review process**

#### **LOF proposals under \$1 million**

The CFI has established a College of Reviewers whose members have experience in assessing candidate-based proposals. Proposals are reviewed by at least two experts chosen among suggested reviewers, college members and external reviewers. All reviewers will be asked to complete a structured written review of the proposal using a common report form.

Given that the LOF focuses on researchers, the reviewers will assess the candidates and not the other users or collaborators listed.

Reviewers are asked to pay close attention to:

- the qualifications and experience of the candidate(s) in relation to the proposed research and research training;
- the infrastructure that is being requested for use by the candidate(s) and why it is essential to carry out the candidates' proposed research;
- how the infrastructure facilitates the attraction or retention of the candidate(s);
- the value added of an additional award in cases where the candidate(s) have previously received an award through the LOF, New Opportunities Fund, Canada Research Chairs Infrastructure Fund, or Career Award. Specifically, the results and outcomes of the previous award must be highlighted.

Since the LOF aims to address both the attraction and retention of full-time faculty members, candidates are assessed based on the stage of their career.

When reviewers are in agreement, CFI staff draft funding recommendations to the Board of Directors. When experts submit conflicting reviews, however, the CFI may seek advice from other experts through written reviews or committee meetings. To this end, the CFI has convened a LOF Advisory Committee (LOFAC) with members having expertise in various fields of research. The CFI categorizes proposals by field and convenes meetings between LOFAC members with the appropriate expertise.

All final decisions are taken by the CFI Board of Directors. Institutions receive the written expert reviews for each proposal.

## **LOF proposals between \$1 million and \$2 million**

### **Expert Reviews**

The Expert Review process is designed to assess the strengths and weaknesses of the proposals in relation to CFI's three key criteria (quality of research, strengthening the capacity for innovation and benefits to Canada). Depending on the number of proposals submitted, the CFI may rely on expert written reviews, expert committees or a combination of these approaches.

### **Multidisciplinary Assessment Committee**

The second stage of review entails the assessment of the proposals by one or more MACs. The specific number of MACs will be determined by the number of submissions. Based on its own assessment and informed by the expert reviews, the MACs are responsible for assessing each proposal against all evaluation factors relative to other competing requests and recommending projects that should be funded. MAC members will be specifically chosen for their capacity to assess proposals based on the three CFI criteria, and for their breadth and understanding of the research environment, the niches of innovative excellence in eligible institutions and knowledge of impacts and outcomes from research investments across the entire landscape of research activity.

Given the goals of this stream of the LOF, a focus of both the expert review and MAC assessments will be the evaluation of the candidate(s), as opposed to the other users or collaborators in the research process. Proposals will therefore have to clearly describe:

- the qualifications and accomplishments of the candidate(s) in relation to the proposed research and research training;
- the infrastructure that is being requested for use by the candidate(s) and why it is essential to carry out the candidates' proposed research;
- how the infrastructure facilitates the attraction or retention of the candidate(s);
- the value added of an additional award in cases where the candidate(s) have previously received an award through the LOF, New Opportunities Fund, Canada Research Chairs Infrastructure Fund, or Career Award. Specifically, the results and outcomes of the previous award must be highlighted.

All final decisions are taken by the CFI Board of Directors. Summary comments are provided to the institutions for all projects. Funding for infrastructure associated with a Canada Research Chair is conditional upon the final approval of the nomination or renewal by the CRC Steering Committee.

### **5.4.3 Governing principles for expert reviewers and committees**

Expert reviewers and committee members are expected to maintain the highest standards of ethics in fulfilling their role. They are appointed as individuals — not as advocates or representatives of their discipline or of any organization.

All experts and committee members must adhere to CFI's "Statement on Ethics" and "Confidentiality and Non-Disclosure Declaration." The CFI expects members of the research community not to contact committee members for information on committee

deliberations. Committee members are instructed not to discuss anything related to the review process or specific proposals with other members of the research community. They will only receive additional information or representations relating to proposals from the CFI directly, and must refer all inquiries or other material directed to them personally to the CFI for response.

#### **5.4.4 Collaboration with the provinces**

To enhance the coordination of the review process, the CFI will consider sharing information with the provinces to avoid duplication of work. The CFI will also offer the provinces an opportunity to submit their views on projects for which they are being asked for funding.

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The information presented in Sections 6.1 to 6.9 applies to infrastructure projects. Guidelines pertaining to the Infrastructure Operating Fund are included in [Section 6.10](#).

## **6.1 Making the best use of CFI funds**

The CFI operates on the principle that its funds must be used effectively and economically. To maximize the purchasing power of its investment and ensure a fair and transparent process, the CFI requires that all purchases related to its projects follow an institution's usual tendering and purchasing policies and procedures. At minimum, these must comply with the requirements set forth in Annex 502.4 of the [Agreement on Internal Trade](#).

Items involving in-kind contributions must be assessed at fair market value (see [Section 6.5](#)). An overestimation inflates the total cost of a project. This is against CFI policy and unfair to all institutions because it decreases the amount available for funding other meritorious projects.

### **6.1.1 Acceptance of 'cash back' or other types of benefits from a supplier**

Instead of a special discount (considered by the CFI as an in-kind contribution), suppliers may suggest that the equivalent in cash be given to the institution (i.e. cash back or rebate on future purchases). Other types of benefits unrelated to the CFI-funded project may also be offered to the institution. The CFI will accept such arrangements only if the benefit amount is included in the budget and counted as a contribution to the specific project.

The CFI does not endorse or recognize the procurement of infrastructure that would be predicated by, or linked to a promise of cash back, a cash rebate, or other types of benefits that are not related to a CFI-funded project, and counted as a contribution towards this project but which would benefit the institution in some other way.

If a supplier agrees to provide benefits related to the CFI-funded project that are not in the Itemized List (see [Section 6.2.5](#)) — such as additional products at no additional charge or the coverage of specific expenses related to the project (e.g. a portion of future operating expenses) — the institution does not need to report them as a contribution and an eligible item. However, the CFI-funded infrastructure purchased from this supplier must be presented at fair market value (as defined in [Section 6.5.1](#)) in the proposal, Itemized List and financial reports to the CFI. The CFI will not accept that the fair market value of the infrastructure it funds be higher because of other potential benefits derived from the purchase.

## 6.1.2 Changes to contributions

The CFI will not normally increase its contribution to a project. There will not be any increases due to fluctuations in exchange rates, the price of commodities or inflation. The CFI will only consider adjusting its contribution to a project in very exceptional situations.

- The CFI made an administrative error (e.g. miscalculation, erroneous removal of items in cases of partial funding).
- The project was funded under a program that operates with institutional envelopes (e.g. Leaders Opportunity Fund) and compelling justification has been provided.
- A highly complex project is facing exceptional and unforeseeable circumstances that could put it at severe risk. In this case, the project must meet the following criteria:
  1. It is unique and complex (e.g. unique technology, national or international scope).
  2. It is confronted with an exceptional situation that could not reasonably have been predicted at the application stage, despite due diligence.
  3. It is confronted with a funding shortfall that jeopardizes its success, timeliness and relevance.
  4. It is confronted with unexpected cost increases representing between 20 and 35 percent of the total approved cost of the project. These cost increases must not be the result of a change in the nature of the project and its research objectives, which would require a reassessment of the project in the context of a competition.
  5. It is within one year after award finalization and has incurred less than 30 percent of the total costs.
  6. It provides evidence of a thorough investigation of alternative approaches showing that it cannot reduce its scope.
  7. It can demonstrate its partners' collective interest in change and willingness to assist in the increased costs, with CFI providing up to 40 percent of the increase, and the partners, 60 percent or more.

The CFI expects few requests and reserves the right to review this approach for unique and highly complex projects based on its past experience.

## 6.2 Award finalization

### 6.2.1 Conditions

Where applicable, institutions must respond to any specific conditions raised in the CFI funding decision, and document how the conditions will be, or have been, addressed. Conditions must be addressed in writing by the President/CEO or designated

representative of the institution as per the Institutional Agreement, and be approved by the CFI before any funds will be released.

### **6.2.2 Award finalization documents**

In order for the CFI to determine the final amount and instalment schedule for each approved project, eligible recipients must provide the CFI with:

- the [Itemized List](#);
- the [Summary of Secured Contributions](#);
- the [Award Conditions](#) document.

The Itemized List and Summary of Secured Contributions must be submitted electronically using online forms available on the CFI website under “CFI Online” ([www.innovation.ca/en/cfi-online](http://www.innovation.ca/en/cfi-online)). PDF versions of the forms are available for reference purposes. Institutions are also required to submit a signed copy of the Award Conditions document for each project.

### **6.2.3 Time frame for award finalization**

Award finalization documents must be provided to the CFI within nine months of award approval. The CFI may grant an extension if a reasonable explanation is provided.

In exceptional circumstances, such as complex and longer duration projects, the CFI may agree to finalize the budget in stages. For these projects:

- the CFI will set a maximum CFI amount and total project costs;
- the CFI and the institution will agree on a schedule to finalize the budgeting details for each phase of the project.

Institutions should contact their CFI Senior Programs Officer to discuss this alternative for a specific project.

### **6.2.4 Time limit to reach the building phase of the construction or renovation component of a project**

The CFI expects institutions to start the construction or renovation component of a funded project within 18 months of award approval. Within this time frame, institutions must have finalized contracts for construction or renovation, and begun the construction or renovation work. While the CFI recognizes that some projects may include large and complex construction or renovation components, institutions are expected to have completed planning and development work for such projects at the application stage. When a project involves construction or renovation on multiple sites, the construction or renovation on every site should start within 18 months of award approval.

Should an institution not be able to reach the building phase of the project within that time frame, it must provide the CFI with an explanation for this delay. If a compelling justification is provided, the CFI may consider an extension.

## 6.2.5 Itemized List

In the Itemized List, institutions must provide updated cost estimates and a timeline for the acquisition of the infrastructure, along with any changes to the original proposed infrastructure.

When submitting a proposal, institutions are required to ensure that the costs included for each budget item approximate the fair market value. At award finalization, the CFI expects institutions to update these cost estimates, as required, to ensure they reflect the expected purchase price as accurately as possible. Institutions must maintain supporting documentation for updated cost estimates and provide them upon request. Supporting documentation may include, for example, bids resulting from a competitive process, recent educational price lists, quotes or price information requests.

At minimum, institutions are expected to obtain updated cost estimates if:

- there is a change in the nature of the proposed infrastructure;
- the expected cost of the item is greater than \$100,000\*;
- the institution suspects the estimated cost stated in the proposal has changed significantly.

\* If there are two (or more) identical items, or if there are two (or more) items that will be bought together as a system, the sum of all items should be used for purposes of the threshold.

A formal competitive bidding process, as per the institution's usual tendering and purchasing policies and procedures, must take place prior to the purchase of each item. This requirement should be clearly communicated at the onset. The institution should not make any purchase commitments to suppliers when soliciting pricing information at the proposal and award finalization stages, ensuring that a formal competitive bidding process can be carried out prior to the actual purchase. The institution's tendering and purchasing policies and procedures must comply at a minimum with the requirements set forth in Annex 502.4 of the [Agreement on Internal Trade](#). For items involving in-kind contributions, institutions are also expected to follow their existing policies and procedures, which must meet the CFI guidelines and minimum requirements outlined in [Section 6.5](#).

The full estimated cost of all eligible items must be presented in the Itemized List, even if it exceeds the cost reported in the proposal to the CFI. Reporting of the partial estimated cost of an eligible item is not permitted. In addition, the cost of an item cannot be shared between CFI-funded projects.

It is important to note that new items that were not included in the proposal may not normally be added to the Itemized List. Changes to this list may be accepted with strong justification. The CFI may seek the advice of expert reviewers for requested changes. Modifications to proposed vendor or model (with similar functionalities) are acceptable and do not require CFI approval.

The CFI anticipates that some cost estimates may differ from those in the proposal. However, if the revised costs of warranties or service contracts are lower than originally stated, the CFI's contribution will be reduced.

An institution must notify the CFI if changes have been made to the construction and renovation information provided in the proposal (e.g. changes in floor plans, size and nature of the space, etc.), even if the changes result in little or no impact on the total construction or renovation cost. Revised floor plans and associated information must be forwarded to the CFI along with the Itemized List. If the CFI is not notified of any changes, the information provided in the proposal will form the basis for the Award Agreement.

## **6.2.6 Multi-institutional projects**

For projects that involve two or more eligible institutions sharing CFI funding, the award finalization documents must be submitted by the institution acting as the lead. This institution will be the recipient institution for the CFI award, and as such, will be responsible for receiving and administering the funds. In some cases, however, the lead institution may request in writing that the responsibility for receiving and administering the CFI funds be given to another eligible institution that is part of the proposal. If this is the case, the latter will become the recipient institution and must submit the award finalization documents to the CFI.

The recipient institution is responsible for:

- ensuring that a proper Inter-Institutional Agreement (see [Section 6.3.2](#)) is in place and signed by all participating eligible institutions (including affiliated entities), in order to receive funding;
- ensuring that all participating eligible institutions are knowledgeable of CFI's guidelines with respect to the administration of CFI awards, as well as the maintenance of all supporting documentation;
- receiving funds and making payments to other participating eligible institutions as per the Inter-Institutional Agreement;
- ensuring that distribution of funds for purposes of acquiring the infrastructure is only made to institutions that have been ruled as eligible by the CFI;
- ensuring that only institutions that have been ruled as eligible by the CFI will exercise de facto control over and hold a majority interest in the CFI-funded infrastructure;
- preparing consolidated financial reports, annual project progress reports and institutional reports;
- liaising with the CFI for change requests, reporting of significant variances and addressing other issues, as required;
- coordinating audit work in the event that the project is audited (e.g. obtaining transaction details, supporting documentation, resolving issues, etc.);
- having adequate oversight processes and controls to ensure proper management of CFI funds at participating eligible institutions in the event that the Inter-Institutional Agreement does not transfer the responsibility for proper management of CFI funds to participating eligible institutions.

The recipient institution will be the institution ultimately accountable for the award, and thus may want to consider including clauses in the Inter-Institutional Agreement to mitigate risk and provide recourse.

## **6.3 Agreements and instalment schedule**

### **6.3.1 Institutional Agreement**

Before submitting proposals to the CFI, institutions must sign the Institutional Agreement. For multi-institutional projects, other participating eligible institutions identified in the proposal to receive funding must also have signed this agreement. The Institutional Agreement defines the conditions under which eligible recipients may use CFI funding.

In the Institutional Agreement, the President/CEO of the institution may designate the following individuals to act on his or her behalf:

- A CFI account administrator who has custody of the CFI funds and is accountable for the institutional CFI financial accounts, related records and supporting documentation, and the submission of financial reports to the CFI.
- One or two individuals authorized to sign proposals to the CFI on behalf of the institution.
- A person who will act as the liaison between the institution and the CFI.

Any changes to these designates should be communicated to the CFI immediately in writing by the President/CEO of the institution. The letter should include the signatures of the new designates. Alternatively, the institution may forward a revised Institutional Agreement to the CFI. The Institutional Agreement is available on the CFI website ([www.innovation.ca/en/cfi-online/download-reference-forms](http://www.innovation.ca/en/cfi-online/download-reference-forms)).

### **6.3.2 Inter-Institutional Agreement**

For projects that involve two or more eligible institutions that sharing CFI funding, an Inter-Institutional Agreement must be signed by all participating eligible institutions (including affiliated entities) before the CFI releases any funds for such projects. At minimum, the agreement should state:

- the institution that will act as the administrative centre for the project;
- the roles and responsibilities of each institution for the infrastructure project;
- the long-term operating and maintenance plan for the infrastructure;
- the fund-sharing agreement between institutions (including any infrastructure operating funds); and
- the current plan for access to the infrastructure.

### **6.3.3 Award Agreement**

For each approved project, the CFI prepares an Award Agreement with the recipient institution. The institution is required to sign the agreement, thereby accepting the terms and conditions of the funding.

The Award Agreement indicates the agreed CFI share of eligible costs and maximum CFI amount. It also contains the instalment schedule and financial reporting requirements which vary depending on the size and complexity of the project, as well as any additional conditions of funding imposed by the CFI.

### **6.3.4 Release of funding**

The CFI releases funding to the recipient institution once all finalization documents have been received, satisfactorily reviewed and any specific conditions have been addressed.

The CFI sends funds only to eligible institutions. In the case of multi-institutional projects, the institution acting as the recipient institution is responsible for receiving and distributing the funds to other eligible institutions according to the terms of the Inter-Institutional Agreement (see [Section 6.3.2](#)).

When funding for construction or renovation is requested, instalment(s) for the equipment to be located in the constructed or renovated space will only be paid once this space is ready to house the equipment.

The CFI makes periodic electronic deposits to a pre-arranged bank account or will issue payments by cheque on an exceptional basis. The CFI provides a list of projects for which a payment is made to the CFI account administrator and the CFI liaison at the institution. The CFI account administrator administers the funds on the institution's behalf.

### **6.3.5 Instalment schedule**

For awards where the CFI contributes less than \$400,000, and where the project is to be completed before the following March 31, the CFI amount will normally be paid in one instalment less the holdback amount (see [Section 6.3.6](#)). Otherwise, the CFI will make instalments over two or more fiscal years (April 1 to March 31), in accordance with the timing of forecasted disbursements for the project.

For awards where the CFI contributes more than \$400,000, the initial instalment represents the agreed CFI share of the eligible costs that the institution has incurred to date (including in-kind contributions). The second and subsequent instalments will be made on a quarterly basis (January 15, April 15, July 15 and October 15), in accordance with the timing of forecasted disbursements for the project. For each fiscal year, the CFI contribution will not exceed the agreed CFI share of the cumulative total eligible costs to the end of that year.

Instalments are based on the forecasted disbursements provided by the institution upon award finalization, and may be revised following the CFI's review of the forecast information submitted by the institution in the financial report.



### 6.3.6 Holdback amounts

The CFI holds back a portion of the funding for each project. This amount is usually 10 percent of each instalment. The percentage of the holdback amount for large, very complex projects of longer duration may be negotiated on a case-by-case basis. The minimum holdback amount for any project is \$10,000.

The purpose of the holdback amount is to ensure that the CFI's contribution in any given period remains as close as possible to the agreed CFI share of eligible costs. The holdback amount for a given period — after adjustments to reflect actual expenditures — will normally be released within three months of submission of the financial report.

The amount of the holdback released every period for each project is based on the review of actual and forecasted expenditures presented in the financial report to ensure that:

- instalments match, as closely as possible, the expected disbursements;
- there is satisfactory progress in the development and acquisition of the infrastructure, as indicated to the CFI upon award finalization.

### 6.3.7 Final instalment

The final instalment for the holdback is made after the project is completed, and once the final financial report has been received and satisfactorily reviewed (see [Section 6.7.3](#)).

The amount of the final instalment is calculated to ensure that the CFI's contribution does not exceed its share of actual eligible costs, or the maximum CFI amount, whichever is lower. When the project is completed, if total actual eligible costs are less than originally anticipated, the CFI's contribution will be limited to its agreed share of the actual total eligible costs of the project (see [Section 6.6.7](#)).

## 6.4 Account administration

### 6.4.1 Tracking of expenditures and contributions, and financial records

The recipient institutions and other eligible institutions participating in a multi-institutional project are responsible for the administration of CFI contributions and for tracking project expenditures, as well as partner contributions. They must ensure that the expenditures and partner contributions comply with CFI regulations and policies as outlined in this guide, specified in the Institutional Agreement (see [Section 6.3.1](#)) and imposed as a condition of funding in the Award Agreement (see [Section 6.3.3](#)).

They must also ensure that cash and in-kind contributions received from partners, and expenditures incurred by the institution, have been made after the date of eligibility set for each fund, as outlined in [Section 4.10](#).

These institutions must maintain a verifiable audit trail for all transactions reported in a CFI-funded project, including in-kind contributions. They must also maintain adequate financial records and separate project accounts for each CFI-funded project.

The financial records must identify the various funding sources and the full actual cost of all eligible items in a CFI-funded project, even if the cost of these items exceeds the estimated cost reported to the CFI upon award finalization. Reporting of the partial cost of an eligible item to the CFI is not permitted. Eligible items are:

- those indicated in the Itemized List submitted upon award finalization, or subsequently approved by the CFI;
- those not indicated in the Itemized List submitted upon award finalization or subsequently approved by the CFI, which are reported as eligible items in the CFI financial report. These should not constitute a significant change under the terms of [Section 6.6](#).

Institutions must not report to the CFI nor provide financial records for items which do not constitute eligible items as defined above, even if they are related to the project.

Cash expenditures and contributions related to eligible items are normally expected to be tracked in separate accounts of the general ledger accounting system. Eligible in-kind contributions can either be tracked as part of this system or in other ways, such as in an Excel spreadsheet.

Costs must be assigned to appropriate project accounts on a regular basis, at a minimum prior to the filing of the CFI financial report. Financial records must reconcile to the financial report submitted to the CFI. Administration and accounting procedures for each project must conform to the institution's standards, practices and policies.

The account administrator is responsible for ensuring that the CFI is not charged more than the agreed CFI share of the full actual cost of eligible items (per the Award Agreement). The maximum CFI amount cannot be exceeded for any project.

Institutions must keep all financial records and supporting documentation for the project (see [Section 6.4.3](#)) for at least three years following the submission date of the final financial report to the CFI. All documentation must be retained on file at the institution for audit purposes, and provided to the CFI upon request. Institutions are advised to contact the CFI early in the process if they foresee a problem in complying with this guideline. Different requirements apply for the Infrastructure Operating Fund (see [Section 6.10.6](#)).

## **6.4.2 CFI-funded construction or renovation that is part of a larger undertaking**

### **Cost allocation method**

When the CFI funds a portion of a larger construction or renovation undertaking, the estimated costs for the CFI-funded space must reflect, as accurately as possible, the actual cost of this specific space. Costs for common elements and soft costs must be pro-rated to the CFI-funded portion of the undertaking. It is the responsibility of the institution to develop an appropriate cost allocation method for each project where the CFI-funded construction or renovation is part of a larger undertaking. A framework for the evaluation of cost allocation methods as well as examples of detailed and simplified cost allocation methods are available under "Frequently Asked Questions" in the

“Finance” section of the CFI website ([www.innovation.ca/en/finance/frequently-asked-question](http://www.innovation.ca/en/finance/frequently-asked-question)). The CFI will allow an institution to use a simplified cost allocation method only if the average cost of the CFI-funded space is representative of, or higher than, the average cost of the overall undertaking.

### **Financial reporting**

Once the construction/renovation contract has been awarded, the institution is in a better position to calculate and report the expected cost of the CFI-funded space using an established cost allocation method for the project. At this point, preliminary estimates can be replaced by firm estimates of costs to completion.

In the **interim** financial reports submitted to the CFI, institutions are expected to report both the actual cost at the reporting date and the expected cost at completion:

**Expected cost at completion:** The CFI expects institutions to produce an updated analysis of the estimated construction/renovation cost for the CFI-funded space every time there are significant changes to the construction/renovation project. However, if there are only minor changes, the institution can update its analysis only at the end of the project.

**Actual cost at reporting date:** The actual construction/renovation costs reported in the interim financial report must be based on the percentage of completion of the entire undertaking at the reporting date, multiplied by the expected cost at completion. However, if the institution can demonstrate that the percentage of completion of the CFI-funded space is different than that of the entire undertaking, then that percentage may be used. Equally acceptable to the CFI is the use of the percentage of billing to date to the most recent estimated cost at completion for the entire undertaking.

Once the construction is complete, the institution must update its cost analysis using the final actual costs and report this amount in its **final** financial report.

### **6.4.3 Supporting documentation**

Institutions must be prepared to provide the following required supporting documentation for expenditures and contributions related to each eligible item reported in a CFI-funded project. Original documentation must be retained on file at the institution for audit purposes, and provided to the CFI upon request.

#### **Expenditures**

- Purchase requisition
- Request for bids. An example of a Request for Quotation with relevant information can be found under “Frequently Asked Questions” in the “Finance” section of the CFI website ([www.innovation.ca/en/finance/frequently-asked-question](http://www.innovation.ca/en/finance/frequently-asked-question)). Please note that this is an example only. Other templates may also be acceptable.
- All bids received following a competitive bidding process

- Documentation justifying an exception if a competitive bidding process was not undertaken. The exception must be permitted under the institution’s purchasing policy.
- Summary form documenting bids received, evaluation and rationale for selection of the successful supplier or service provider
- Purchase order or contract
- Receiving document or statement of work
- Invoice
- Proof of payment (i.e. cancelled cheque)
- For personnel costs, supporting documentation for time spent and nature of activities performed as follows:

**Table 6.1 – Time spent and nature of activities**

Practice	Supporting documentation
<p>Actual salary + benefits, multiplied by the actual amount of time spent</p> <p style="text-align: center;"><b>OR</b></p> <p>Internal rate reflective of average salary + benefits, multiplied by the actual amount of time spent</p> <p style="text-align: center;"><b>OR</b></p> <p>Internal rate reflective of average salary + benefits + overhead component, multiplied by the actual amount of time spent</p>	<p>Time records signed by the individual and approved by the supervisor supporting the amount of time and activities performed (e.g. timesheets).</p> <p>At a minimum, these should be obtained prior to the filing of a CFI financial report (usually annually). A single time record covering the entire period since the last filing is acceptable, as are time records completed on a more frequent basis. The CFI also accepts a confirmation of this information from another person (e.g. project leader or department head) if he or she is knowledgeable of the time spent and activities performed. A sample template can be found under “Download Reference Forms” in the “CFI Online” section of the CFI website (<a href="http://www.innovation.ca/en/cfi-online/download-reference-forms">www.innovation.ca/en/cfi-online/download-reference-forms</a>).</p>
<p>Fee for service</p>	<p>Description of services rendered or work performed</p>
<p>Fixed percentage of construction/renovation costs for architectural and/or engineering and/or project management costs</p>	<p>Description of services rendered or work performed</p>

**Note:** If the department is issuing an invoice for services rendered, the invoice may serve as acceptable documentation as long as it properly details the amount of time spent (if applicable) and provides a description of the services rendered or work performed.

- For personnel costs, supporting documentation for the rate, fee or fixed percentage as follows:

**Table 6.2 – Rate, fee or fixed percentage**

Practice	Supporting documentation
Actual salary + benefits, multiplied by the actual amount of time spent	Supporting evidence for the individual's salary rate and fringe benefit charged (letter of hire or change in salary rate, payroll records, etc.)
Internal rate reflective of average salary + benefits, multiplied by the actual amount of time spent	<p>Description of the method used by the institution to establish the rate</p> <p>Evidence to support that the internal rate used is the same as the one charged to other internal clients (e.g. approved rate by central administration, internal rate made public to the internal community, evidence of same rate charged to other internal clients not related to a CFI-funded project, etc.)</p>
<p>Internal rate reflective of average salary + benefits + overhead component, multiplied by the actual amount of time spent</p> <p style="text-align: center;"><b>OR</b></p> <p>Fee for service</p> <p style="text-align: center;"><b>OR</b></p> <p>Fixed percentage of construction/renovation costs for architectural and/or engineering and/or project management costs</p>	<p>Description of the normal practice of the institution and confirmation that the practice used to report expenditures in the CFI-funded project is consistent with the normal practice of the institution for other internal clients not related to a CFI-funded project</p> <p>Description of the method used by the institution to establish the rate, fee or fixed percentage</p> <p>Evidence to support that the internal rate, fee or fixed percentage used is the same as the one charged to other internal clients (e.g. approved rates by central administration, internal rates made public to the internal community, evidence of same rates charged to other internal clients not related to a CFI-funded project, etc.)</p> <p>Evidence to support that the rate, fee or fixed percentage used is less or equal to fair market value (e.g. industry benchmarks published by Hanscomb Ltd or RS Means for the appropriate region and time period, invoices for similar services paid by the institution to external providers in the same time period, etc.)</p>

- For construction/renovation, scaled floor plans showing location of the area funded by the CFI, size (in square feet or square metres), description and nature of all such areas (wet lab, dry lab, office, greenhouse, etc.), including non-usable space or “common elements” (e.g. corridors, washrooms, etc.). The distinction between usable and non-usable space must be clear.

- For construction/renovation for which the CFI component is part of a larger undertaking:
  - A description of the costing approach used and analysis leading to the determination of the eligible costs reported to the CFI in the Itemized List and financial reports. Institutions may look under “Frequently Asked Questions” in the “Finance” section of the CFI website ([www.innovation.ca/en/finance/frequently-asked-question](http://www.innovation.ca/en/finance/frequently-asked-question)) for examples of acceptable cost allocation methods.
  - Confirmation from the architect of:
    - the actual gross and net floor areas for the entire undertaking;
    - the actual net area of the CFI-funded space, with reference to attached floor plans identifying the CFI-funded space.

### **Contributions**

- Agreement or letter confirming the amount contributed and conditions of funding (if any)
- Proof of receipt (i.e. deposit slip stamped by the bank)

### **Other**

- For New Opportunities or Canada Research Chairs infrastructure awards, supporting evidence for date of appointment of the Canada Research Chairs position or new faculty appointment
- Supporting evidence for the research portion of the infrastructure if other than 100 percent
- Supporting evidence of key controls in place (i.e. evidence of approval of purchase requisition, purchase order, receipt of goods or services, payment, review of significant changes and variances and timely request for CFI approval, reconciliation of financial records and CFI financial reports, etc.)

Additional requirements apply to the Infrastructure Operating Fund (see [Section 6.10.6](#)). For items involving in-kind contributions, see [Section 6.5](#) as additional documentation requirements may also apply.

#### **6.4.4 Foreign currency transactions**

Foreign currency transactions must be reported in the CFI financial reports in Canadian dollars using the market exchange rate in effect at the date of the transaction (i.e. the date at which the expenditure gets recorded in the account). Any gain or loss that might result from this point until time of payment is the responsibility of the institution and should not be included in the CFI financial report.

If an institution enters into a foreign exchange contract to protect itself against fluctuations in the foreign exchange rate for a specific transaction and this is approved by the institution’s treasury department, the CFI will accept that the contract rate be used in these instances to report the transaction. However, there must be a direct relationship between the foreign exchange contract and the transaction (i.e. same

amount, same date of settlement of the contract and expected payment to the supplier or service provider). This relationship must be documented at the onset of the contract by the institution.

## **6.5 Items involving in-kind contributions**

Items involving in-kind contributions must be assessed at fair market value. Institutions are expected to comply with the requirements described in this section.

The CFI reserves the right to make the final determination of eligibility and value for items involving in-kind contributions, to disallow expenditures and reduce the CFI award. To avoid a situation where these items may later be deemed ineligible or incorrectly valued, institutions are encouraged to contact the CFI early in the process if they foresee problems in complying with the guidelines in this section for a given project.

### **6.5.1 Definitions**

The following definitions apply to Sections 4.9 and 6.5.

#### **Fair market value (eligible cost)**

The agreed-upon price in an open and unrestricted market between knowledgeable and willing parties dealing at arm's length who are fully informed and not compelled to transact. The fair market value is the price an institution would be expected to pay in such circumstances, after normal and educational discounts, but prior to any special CFI discount offered towards a CFI-funded project.

#### **Normal discount**

The discount a vendor would normally offer to an institution, taking into consideration factors such as the institution's current volume of transactions and location. Discounts for early settlement or for settlement in cash are considered normal discounts.

#### **Educational discount**

The discount offered to an institution due to its educational status.

#### **Net selling price**

The cash consideration paid or payable by the institution.

### Special CFI discount (eligible in-kind contribution)

Any discount beyond the normal and educational discounts offered to an institution, which is specifically offered as a contribution toward a CFI-funded project. The special CFI discount is equal to the fair market value of the item less the net selling price. For example:

List price	\$500
Normal discount (if any)	(\$20)
Educational discount (if any)	(\$80)
Fair market value (eligible cost)*	<u>\$400</u>
Net selling price (cash consideration)**	<u>(\$300)</u>
Special CFI discount (eligible in-kind contribution)	<u><u>\$100</u></u>

\* In some cases, the fair market value of the item may not be known and the value must be assessed using commonly accepted methods. Institutions should refer to [Section 6.5.3](#) for a complete list of acceptable valuation practices.

\*\* Nil in the case of wholly donated items.

### 6.5.2 Categories of items involving in-kind contributions

The CFI has divided individual items involving in-kind contributions into two categories:

- Category 1 items
  - Individual items where the in-kind contribution is less than \$100,000
  - Individual items where the in-kind contribution is between \$100,000 and \$500,000 and represents 10 percent or less of the total eligible project costs
- Category 2 items
  - Individual items where the in-kind contribution is between \$100,000 and \$500,000 and represents more than 10 percent of the total eligible project costs
  - All individual items where the in-kind contribution is greater than \$500,000

The same valuation principles apply to both categories, but the documentation requirements increase for Category 2 items. The threshold between the categories takes into consideration the level of risk associated with the valuation of the items involving significant in-kind contributions, while acknowledging the cost and effort required to provide the additional documentation.



When a purchase includes several items, the following guidelines should be used in the definition of the categories:

- If there are two (or more) identical items, the sum of all items should be used in the definition of the category.
- If there are two (or more) different items and the items could be bought separately, the items should be considered individually in the definition of the category.
- If there are two (or more) different items and the items are bought together as a system, the sum of all items should be used in the definition of the category.

### **6.5.3 Valuation of items involving in-kind contributions and documentation requirements**

The valuation method depends on the nature of the item, while the documentation required depends on the amount of the related in-kind contribution. In some cases, the fair market value of the item is known. In other cases, the value must be assessed using commonly accepted methods (see examples of acceptable valuation practices in table 6.3). In all cases, a description of the valuation method used must be provided to the CFI at award finalization.

It is the responsibility of the institution to ensure that the fair market value reported to the CFI for an item involving an in-kind contribution is reasonable. All relevant supporting documents must be retained on file at the institution for audit purposes and provided to the CFI upon request.

Table 6.3 explains how items involving in-kind contributions should be valued and the minimum documentation requirements. If an item is not specifically referenced in the table, please contact the CFI.

**Table 6.3 – In-kind contributions valuation and documentation**

Scenario	Acceptable valuation practices	Documentation
<b>Equipment, warranties, components, software licences and upgrades</b>		
<p>Item is regularly sold to other customers (i.e. not one-of-a-kind), and more than one supplier is willing to provide it</p> <p style="text-align: center;"><b>OR</b></p> <p>Item is not regularly sold to other customers (i.e. one-of-a-kind), and more than one supplier is willing to provide it</p>	<p><a href="#">Fair market value</a> of the item upon transfer of ownership to the institution</p>	<p><b>Category 1:</b> Written confirmation from the supplier of the list price, the normal and educational discounts (if any), the special CFI discount and the net selling price</p> <p><b>Category 2:</b> Comparison of the fair market value stated in all bids received (minimum of two bids*) as a result of a formal competitive bid process, including a public bid notice to support the reasonableness of the fair market value reported by the institution to the CFI (refer to <a href="#">Section 6.5.6</a>)</p> <p style="text-align: center;"><b>OR</b></p> <p>In the event that such a process is not possible at the outset:</p> <p>Third-party appraisal of fair market value of the item upon transfer of ownership to the institution (see <a href="#">Section 6.5.7</a>)</p> <p>* If sole source, please see “sole source” sections below.</p>

Scenario	Acceptable valuation practices	Documentation
<p>Item is regularly sold to other customers (i.e. not one-of-a-kind), and only one supplier is willing to provide it</p>	<p><a href="#">Fair market value</a> of the item upon transfer of ownership to the institution</p>	<p><b>Category 1:</b> Written confirmation from the supplier of the list price, the normal and educational discounts (if any), the special CFI discount and the net selling price</p> <p><b>Category 2:</b> Single bid received as a result of a formal competitive bid process, including a public bid notice</p> <p style="text-align: center;"><b>OR</b></p> <p>If such a process is not possible from the outset, or if the item involves an in-kind contribution in excess of \$500,000:</p> <p>Third-party appraisal of fair market value of the item upon transfer of ownership to the institution (see <a href="#">Section 6.5.7</a>)</p> <p><b>Note:</b> For Category 2 items, sole source status must be confirmed via a competitive bid process, including the posting of a public bid notice, whenever feasible (see <a href="#">Section 6.5.4</a>).</p>

Scenario	Acceptable valuation practices	Documentation
<p>Item is not regularly sold to other customers (i.e. one-of-a-kind), and only one supplier is willing to provide it</p>	<p>Supplier's incremental manufacturing cost (excluding general R &amp; D costs)</p> <p style="text-align: center;"><b>OR</b></p> <p><a href="#">Fair market value</a> of the item upon transfer of ownership to the institution</p>	<p><b>Category 1:</b> Written confirmation from the supplier of the incremental manufacturing cost, excluding general R &amp; D costs. The confirmation should detail the cost of materials, number of hours and time value, as well as overhead rate applied.</p> <p style="text-align: center;"><b>OR</b></p> <p>Single bid received as a result of a formal competitive bid process, including a public bid notice</p> <p><b>Category 2:</b> Single bid received as a result of a formal competitive bid process, including a public bid notice</p> <p style="text-align: center;"><b>OR</b></p> <p>If such a process is not possible from the outset, or if the item involves an in-kind contribution in excess of \$500,000:</p> <p>Third-party appraisal of fair market value of the item upon transfer of ownership to the institution (see <a href="#">Section 6.5.7</a>)</p> <p><b>Note:</b> For Category 2 items, sole source status must be confirmed via a competitive bid process, including the posting of a public bid notice, whenever feasible (see <a href="#">Section 6.5.4</a>).</p>

Scenario	Acceptable valuation practices	Documentation
<p>Used item from contributor who is not in the business of selling the item</p> <p><b>Note:</b> If used item is donated by supplier who is in the business of selling the item, the above guidelines apply.</p>	<p>Initial cost of the item less maximum capital cost allowance prescribed by the Income Tax Act</p> <p style="text-align: center;"><b>OR</b></p> <p><a href="#">Fair market value</a> of the item upon transfer of ownership to the institution</p>	<p><b>Category 1:</b> Written confirmation from the contributor supporting the age and initial cost of the item (to allow the institution to calculate the maximum capital cost allowance and the current value of the item)</p> <p><b>Category 2:</b> Written confirmation from the contributor supporting the age and initial cost of the item (to allow the institution to calculate the maximum capital cost allowance and the current value of the item)</p> <p style="text-align: center;"><b>OR</b></p> <p>If the item involves an in-kind contribution in excess of \$500,000:</p> <p>Third-party appraisal of fair market value of the item upon transfer of ownership to the institution (see <a href="#">Section 6.5.7</a>)</p>
<p>Long-term loan/lease</p>	<p>Cost of rental equivalent to most favoured customers (excluding financing charges)</p>	<p><b>Category 1:</b> Written confirmation from supplier of rental equivalent to most favoured customer</p> <p><b>Category 2:</b> Third-party appraisal of fair market value of the loan/lease (see <a href="#">Section 6.5.7</a>)</p>

Scenario	Acceptable valuation practices	Documentation
<b>External professional services</b>		
<p>Similar services provided to fee-paying clients</p>	<p><a href="#">Fair market value</a> of the services (actual rates or fees charged for similar services provided to fee-paying clients)</p> <p><b>Note:</b> Commercial rates are not acceptable if they differ from rates actually charged to fee-paying clients.</p>	<p><b>Categories 1 and 2:</b> Written confirmation from the service provider stating that the rates quoted or the value assigned to the donated service represent fair market value consistent with actual rates or fees charged to fee-paying clients for similar services</p> <p>Written confirmation from the service provider supporting the number of hours of service donated</p> <p><b>Category 2:</b> Confirm with the CFI on a case-by-case basis whether additional documentation is required.</p>
<b>Datasets</b>		
<p>Sold to third parties</p>	<p>Price of dataset charged to a third party plus incremental costs to customize</p>	<p><b>Categories 1 and 2:</b> Written confirmation from the supplier or contributor supporting the value of the dataset (or comparable dataset) as charged to a third party</p> <p><b>Category 2:</b> Confirm with the CFI on a case-by-case basis whether additional documentation is required.</p>
<p>Not otherwise sold to third parties</p>	<p>Incremental cost to customize</p>	<p><b>Categories 1 and 2:</b> Written confirmation from the supplier supporting incremental costs to customize (e.g. hourly rate and number of hours)</p> <p><b>Category 2:</b> Confirm with the CFI on a case-by-case basis whether additional documentation is required.</p>

Scenario	Acceptable valuation practices	Documentation
<b>Travel</b>		
Travel costs incurred by a supplier that are donated to a particular project	Travel costs (economy) incurred by the supplier	Written confirmation from the supplier of the amount paid and donated to the project

#### 6.5.4 Special requirements and procedures with respect to the valuation of items involving in-kind contributions

Institutions are expected to follow existing institutional policies and procedures for the valuation of items involving in-kind contributions, which must meet the CFI guidelines and minimum requirements outlined in [Section 6.5.3](#).

It should be noted that for Category 2 items, the CFI requires that institutions follow a formal competitive bid process, including a public bid notice. Even if the purchase of a Category 2 item is thought to be from a sole source, this status must be confirmed through the posting of a public bid notice.

However, if an institution decides to make a sole source purchase because 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 since this would be a violation of the Laws of Competitive Bidding. In such instances, attestation from the head of purchasing or supply management departments should be kept on file with the reasons why a competitive bid process could not be undertaken.

Contributions by external partners that are treated as charitable donations for income tax purposes will typically be subject to existing policies and procedures of the institution and of the Canada Revenue Agency (CRA). The CFI will accept values deemed acceptable by the CRA.

#### 6.5.5 Confirmations from suppliers

Examples of acceptable written confirmations from suppliers include a quotation, competitive bid document, invoice or a letter from the supplier indicating the list price of the item, the normal and educational discounts (if any), the special CFI discount and the net selling price. The confirmation must be signed by an authorized agent, director or employee of the supplier.

It is acceptable to use the information from a quotation or competitive bid document if the period of time between the quote and the date of transfer of ownership to the institution is relatively short (i.e. less than 12 months), and if the net selling price has not changed. In other instances, the CFI expects institutions to obtain a new confirmation

from the successful supplier of the fair market value of the item upon transfer of ownership to the institution since this may have changed significantly.

An example of a Request for Quotation that includes relevant information to be obtained can be found under “Frequently Asked Questions” in the “Finance” section of the CFI website ([www.innovation.ca/en/finance/frequently-asked-question](http://www.innovation.ca/en/finance/frequently-asked-question)). Please note that this template is an example only. Other templates may also be acceptable.

### **6.5.6 Comparison of the fair market value for Category 2 items**

The CFI does not prescribe how purchasing decisions should be made. Institutions are free to choose the successful supplier based on their established decision criteria.

However, as part of certain documentation requirements for Category 2 items (see [Section 6.5.3](#)), 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.

In reaching a conclusion, the lowest fair market value stated in the various bids received must not necessarily be used if the specifications of the item of the chosen supplier differ from those of other bidders. In these instances, the assessment of the fair market value presents some challenges, and the CFI expects institutions to determine if the higher value is justified and reasonable, and make any necessary adjustments to this value. An analysis should be kept on file to support the institution’s conclusion. The analysis should highlight the differences between the item purchased and those offered by other suppliers, and should properly justify why a higher fair market value is warranted. All relevant documentation must be kept on file at the institution for audit purposes.

Institutions are responsible for performing adequate assessments of the reasonableness of the fair market value reported to the CFI for all Category 2 items. This value is the one that must be used in the calculation of the eligible in-kind contribution to be reported to the CFI (see [Section 6.5.8](#)).

The expertise of purchasing or supply management departments, as well as departments that are responsible for the assessment of the valuation of gifts in-kind at institutions should be sought to perform these analyses. Attestation from the department head should be obtained and kept on file. If the institution is uncertain whether its analysis is appropriate, it should contact the CFI to avoid situations where the item may later be deemed incorrectly valued.

Examples of acceptable analyses can be found under “Frequently Asked Questions” in the “Finance” section of the CFI website ([www.innovation.ca/en/finance/frequently-asked-question](http://www.innovation.ca/en/finance/frequently-asked-question)).



## 6.5.7 Appraisals

For Category 2 items, there may be a requirement for a third-party appraisal of the value of the item if no alternative valuation method is available (see [Section 6.5.3](#)). Appraisals are not required at the proposal stage. They may only be required after a project has been approved by the CFI. In general, the CFI advises that appraisals be done close to the date of transfer of ownership of the eligible item to the institution.

Institutions are required to contact the CFI if they believe an appraisal is needed. The CFI will coordinate all appraisals related to Category 2 items, select the appraisers who will perform the evaluation and pay for the appraisal if it concludes that an alternative valuation method was not available to the institution to corroborate the value of the item from the outset. If it is found that an alternative method existed — such as a comparison of the fair market value stated in bids received as a result of a formal competitive bid process, including a public bid notice — but the institution did not follow this process as prescribed in [Section 6.5.3](#), then the institution will have to pay for the appraisal.

## 6.5.8 Reporting of items involving in-kind contributions

Items involving in-kind contributions must be assessed and reported as eligible costs in a CFI-funded project at fair market value.

Associated sources of funding for items will usually consist of cash and an in-kind contribution. It is important to note that only a special CFI discount in excess of the normal and educational discounts constitutes an eligible in-kind contribution that can be reported to the CFI. The special CFI discount (eligible in-kind contribution) is equal to the fair market value of the item less the net selling price.

For example:

List price	\$500
Normal discount (if any)	(\$20)
Educational discount (if any)	(\$80)
Fair market value (eligible cost)*	<hr/> \$400
Net selling price (cash consideration)**	(\$300)
Special CFI discount (eligible in-kind contribution)	<hr/> <hr/> \$100

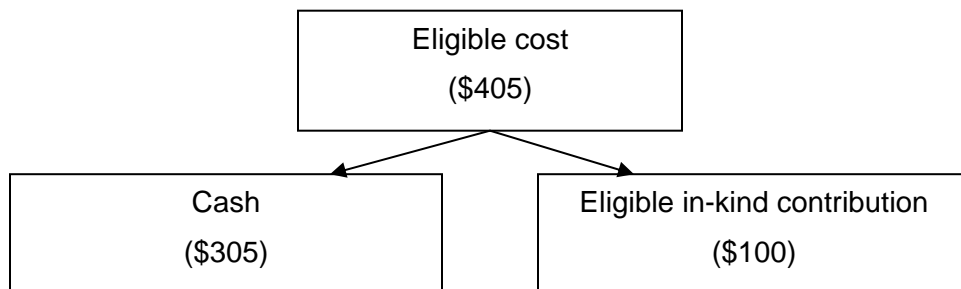
\* In some cases, the fair market value of the item may not be known and the value must be assessed using commonly accepted methods. Institutions should refer to [Section 6.5.3](#) for a complete list of acceptable valuation practices.

\*\* Nil in the case of wholly donated items.

Taxes associated with the cash portion of an item involving an in-kind contribution, net of any rebate received, can be included in the eligible cost reported to the CFI. Taxes

must not be calculated and reported for the portion of the item considered an in-kind contribution. Therefore, in the above example, if we assume that taxes of \$5 were paid on this purchase (net of rebate received), then the institution should report the following to the CFI:

**Figure 6.1 – Taxes and in-kind contribution**



## **6.6 Changes to infrastructure projects once the Award Agreement is in place**

The guidelines in this section apply to changes taking effect after the Award Agreement is in place. Institutions must keep proper documentation of all changes for audit purposes.

In this section, “total eligible costs” means the total eligible costs amount as per the Award Agreement.

### **6.6.1 Use of CFI funds and significant changes**

An institution must use CFI funds to purchase or develop the specific infrastructure project and to cover the specific eligible costs agreed to by the CFI and laid out in the Itemized List submitted upon award finalization. The CFI may consider and approve changes to the project and budget.

The institution must immediately notify the CFI Senior Programs Officer if any of the following conditions occur or are anticipated. CFI approval may be required depending on the nature and scope of the proposed changes.

### **Changes requiring notification**

- The institution is unable to carry out or complete the project.
- There will be a change in the designated project leader.
- There will be a change in status of any of the candidates of a Leaders Opportunity Fund, New Opportunities Fund or Canada Research Chairs Infrastructure Fund project.
- There will be a significant delay in the acquisition of the infrastructure (see [Section 6.6.2](#)).

### **Changes requiring prior CFI approval**

- There will be a significant change to the infrastructure (see [Section 6.6.3](#)).
- There will be a significant change in the nature or amount of space constructed/renovated (see [Section 6.6.4](#)).
- There will be a significant change in the end date of the project (see [Section 6.6.5](#)).
- There will be a change in location of a major infrastructure item.

All notifications and requests for changes should include an explanation for the change, demonstrating how it is essential to the approved project and describing the impact of the change on the project. The CFI may ask for additional information depending on the status of the project and the nature of the requested change. For projects with an Itemized List and Summary of Secured Contributions that was created before November 5, 2006, the President/CEO or designated representative of the institution (per the Institutional Agreement) or the CFI liaison must send change requests to the CFI Senior Programs Officer. For projects with an Itemized List and Summary of Secured Contributions that was created after November 5, 2006, institutions must submit change requests through the Amendment Module under “Institutions: Financial Access” on the CFI website ([www.innovation.ca/en/cfi-online](http://www.innovation.ca/en/cfi-online)).

### **6.6.2 Significant delays in the acquisition of the infrastructure**

It is important that institutions and the CFI properly monitor the progress of each project. The CFI also needs to ensure that instalment schedules for each project are appropriately established, based on current forecasts. For any given project, the CFI requires that it be notified on a timely basis of significant delays in the acquisition of the infrastructure and the impact of these delays.

The progress of each project is best assessed by comparing the timeline provided to the CFI upon award finalization for the acquisition and disbursements with the updated timeline.

There is a significant delay in the acquisition of the infrastructure when forecasted disbursements from one fiscal year to the next deviate from the forecasted disbursements in the Itemized List by more than 20 percent of the total eligible costs for the project (or \$500,000, whichever amount is lower). Variances of less than \$100,000 are not considered significant and do not need to be reported.

Institutions must have effective processes and mechanisms in place to properly monitor the progress of their projects and inform the CFI on a timely basis of significant potential or expected delays. Institutions are expected to take a risk-based approach to their monitoring activities, tailoring the extent of their monitoring activities to the risk of the project (e.g. quarterly monitoring for higher risk projects; monitoring on an annual basis for lower risk projects).

Notifications of a significant delay should include detailed information regarding the nature of the delay and impact on the project, the total actual costs to date, as well as an updated forecast of future disbursements for the remainder of the project in order for CFI instalments to be appropriately revised.

### **6.6.3 Significant changes to the infrastructure**

Institutions must request prior CFI approval if they wish to make a significant change to the infrastructure as presented in the Itemized List, and if this significantly changes the cost of an item. Modifications to a proposed vendor or model (with similar functionalities) are acceptable and do not require CFI approval.

Significant changes to the infrastructure include:

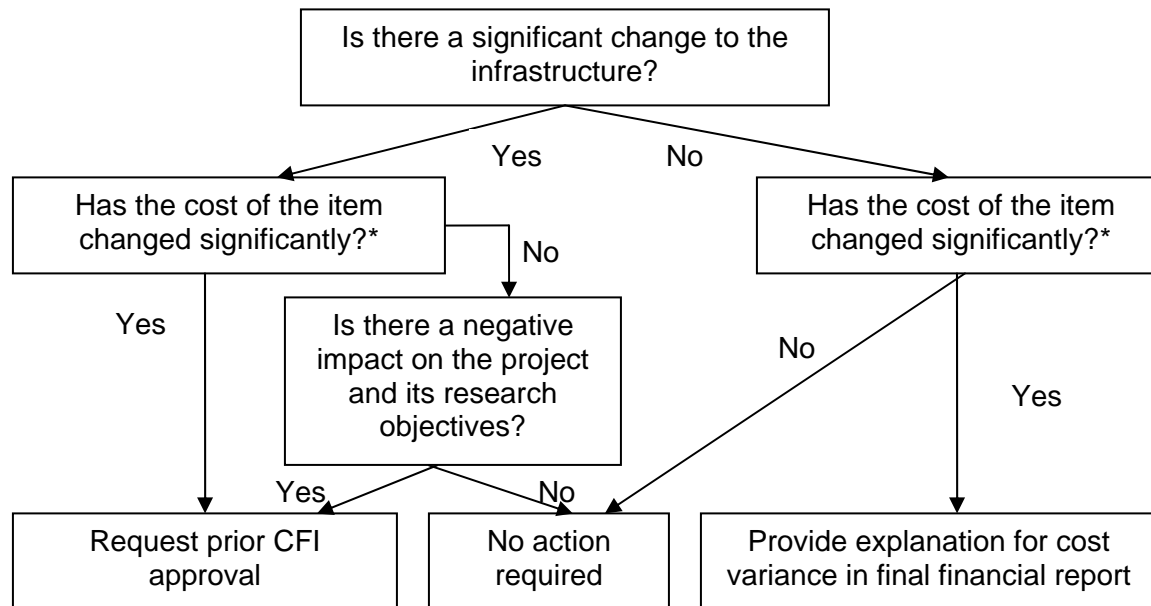
- The purchase of an infrastructure item with significantly different functionalities than that on the Itemized List (i.e. significant enhancement or loss of functionality). The CFI considers that there is a significant enhancement or loss of functionality when the changes in the proposed infrastructure result in a significant benefit/detriment to the research project or to the institution compared to the item presented at award finalization. Such a benefit/detriment may be due to, for example:
  - a significant increase/decrease in the infrastructure output capacity;
  - a significant improvement/deterioration in the infrastructure output quality;
  - a significant increase/decrease in the infrastructure's life expectancy.
- The non-purchase of infrastructure item(s) included in the Itemized List at award finalization, including decreases in the quantity of an item on the list.
- The exceptional purchase of infrastructure item(s) not included in the Itemized List at award finalization, including increases in the quantity of an item on the list.

The CFI considers that the cost of an item changes significantly when the difference between the actual cost of an item and the updated estimated cost presented in the Itemized List is greater than five percent of the total eligible costs of the project (or \$50,000, whichever is lower). Determination of the need for CFI approval should be made per item — not on cumulative changes to the project.

Although these thresholds establish minimum requirements, institutions should use their judgment. Institutions should obtain approval for any change having a negative impact on a project and its research objectives, regardless of cost implications. The CFI reserves the right to question any change at any time and make the final determination of eligibility.

For instances where there is no significant change to the infrastructure but where the cost of the item has changed significantly (e.g. exchange rate fluctuation, price change after award finalization, minor changes in functionality, etc.), institutions must provide an explanation for the cost variance in their final financial report to the CFI. Provided there is no significant change to the infrastructure, the institution is not required to request prior approval for the cost variance.

**Figure 6.2 – Significant change decision tree**



\* Difference between the actual cost of an item and the updated estimated cost presented in the Itemized List is greater than five percent of the total eligible costs of the project (or \$50,000, whichever is lower).

Refer to [Section 6.6.4](#) for changes in the nature or amount of space constructed/renovated.

**Note:** In this section, an “item” refers to an individual line on the Itemized List. If the line item as presented in the Itemized List includes several units or consists of one system with several components, the total as presented on the Itemized List for that line item must be used.

### **6.6.4 Significant change in the nature or amount of space constructed/renovated**

Institutions must request prior CFI approval if they wish to make significant changes to the amount or nature of the space constructed/renovated, as presented in the CFI proposal or subsequently upon award finalization. Approval must be obtained even if the changes would result in little or no impact on the total construction/renovation cost.

The CFI considers a change to be significant if:

- the difference (either increase or decrease) in the total amount of space constructed/renovated is more than 10 percent of the total amount of space identified at award finalization;

OR

- the cumulative difference in the total amount of space for which there has been a change in nature (e.g. change of dry lab to wet lab) is in excess of 10 percent of the total amount of space identified at award finalization.

For all proposals submitted after November 1, 2002, transfer of funds in excess of five percent of the total eligible cost of the project (or \$50,000, whichever amount is lower) to cover increases in construction costs after award finalization must be approved.

For instances where there is no significant change in the nature or amount of space constructed/renovated but where the cost of the construction/renovation has changed significantly (e.g. price change after award finalization, minor changes in nature of space, etc.), institutions must provide an explanation for the significant cost variance in their final financial report to the CFI. The CFI considers that there is a significant cost variance when the difference between the actual cost of the construction/renovation and the updated estimated cost in the Itemized List is greater than five percent of the total eligible costs of the project (or \$50,000, whichever is lower). Provided there is no significant change in the nature or amount of space constructed/renovated, the institution is not required to request prior approval for the cost variance.

### **6.6.5 Significant change in the end date of the project**

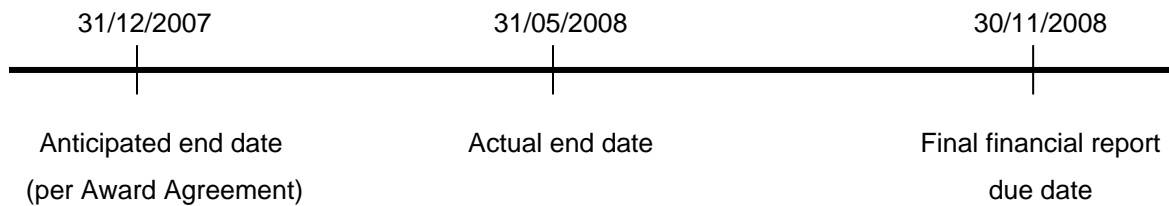
The actual end date of a project is the date at which the CFI-funded infrastructure has been acquired or developed and all expenditures have been incurred (i.e. goods received, services rendered or work performed), and the CFI-funded infrastructure is operational.

Upon award finalization, institutions must provide the anticipated end date for the project in the Itemized List. Institutions can incur expenditures after the anticipated end date of a project without requesting CFI approval as long as the actual end date of the project falls within six months of the anticipated end date indicated in the Award Agreement.

However, institutions must notify the CFI immediately to request approval if they will not be able to acquire/develop every item within six months of the anticipated end date indicated in the Award Agreement. Any further revisions to the end date require CFI approval.

The end date of the project is not the date of submission of the final financial report. Institutions have six months to submit the final financial report after the actual end date of the project (see [Section 6.7.1](#)).

**Figure 6.3 – End date**



### **6.6.6 Decrease in cost of warranties or service contracts**

For all proposals submitted after November 1, 2002, if the revised costs of warranties or service contracts are lower than the finalized amounts, the CFI's contribution will be reduced by an amount equivalent to its agreed upon share of the cost reduction.

### **6.6.7 Differences in final total actual eligible costs**

When a project is completed, if the total actual eligible costs are lower than the costs estimated in the Award Agreement, and if other funding partners contribute their agreed share, the institution may acquire other eligible infrastructure directly related and essential to the project (including increases in the quantity of an item).

However, institutions must request prior approval for the purchase of any new item not included in the Itemized List at award finalization (including increases in the quantity of an item) for which the actual cost is greater than five percent of the total eligible costs of the project (or \$50,000, whichever is lower). See [Section 6.6.3](#).

If the final total actual eligible costs are lower than the Award Agreement, the CFI's contribution will be limited to its agreed share of the actual total eligible costs of the project. If the decrease in the total actual eligible costs is due to a decrease in the total in-kind contributions for the project, and the agreed CFI share per the Award Agreement is less than 40 percent, the CFI may consider increasing its agreed share up to a maximum of 40 percent to compensate for the decrease. Contact your CFI Senior Programs Officer in such situations.

If the final total actual eligible costs are higher than the costs anticipated in the Award Agreement once all infrastructure items have been acquired, the institution is responsible for expenditures in excess of the funds approved.

Institutions must indicate in their financial reports the various funding sources and the full actual cost of all eligible items in a CFI-funded project, even if the cost of these items exceeds the estimated cost reported to the CFI upon award finalization. The CFI does not permit reporting of the partial cost of an eligible item (see [Section 6.4.1](#)).

### **6.6.8 Project termination**

The institution should promptly advise the CFI if it is unable, for any reason, to carry out or complete the project for which the award was approved, or if it is unable to comply with award conditions. Termination procedures will be established on a case-by-case basis.

## **6.7 Financial reporting**

### **6.7.1 Submission deadlines**

Institutions are required to submit an interim financial report by June 15 each year (cumulative results as of March 31 of the same year) for all ongoing projects that received CFI funds prior to April 1 of that year. An interim financial report does not need to be submitted by June 15 if the institution plans to submit a final financial report by September 30 that year. In some instances, the CFI may request that quarterly or biannual financial reports be submitted for certain projects.

For projects with a CFI contribution of \$200,000 or less, the CFI may permit institutions to submit a financial report every two years. Institutions must request exemptions from the annual submission of financial reports once a year prior to June 15. Exemptions apply only to annual financial reports. The CFI reserves the right to deny exemption requests if important issues were noted in previous monitoring or auditing activities, or if questions or concerns have been raised about the implementation of a specific project.

The final financial report must be submitted within six months of the actual end date of the project (see [Section 6.6.5](#)).

All financial reports must be submitted electronically, and institutions must also send a signed copy of final financial reports to the CFI. These must be signed by the account administrator and the President/CEO or designated representative of the institution (as per the Institutional Agreement).

Forms and instructions for financial reports are available on the CFI website under “CFI Online” ([www.innovation.ca/en/cfi-online/](http://www.innovation.ca/en/cfi-online/)). PDF versions are available for reference purposes.

### **6.7.2 Content of financial report**

The financial report includes information on:

- actual and forecasted eligible costs (for ongoing projects);
- actual and forecasted contributions to eligible costs from eligible partners, including assurance that funds have been received and spent (or will be received during the forecast period);
- indication of any actual or forecasted significant changes (see [Section 6.6](#)) not previously approved by the CFI. If so, indication of the expected time frame in which a request for approval will be submitted to the CFI;



- and for final financial reports only:
  - share of total eligible costs of any other participating institutions;
  - explanation for significant cost variances.

In their financial reports, institutions must disclose their various funding sources and the full actual cost of all eligible items in a CFI-funded project, even if the cost of these items exceeds the estimated cost reported to the CFI upon award finalization. The CFI does not permit reporting of the partial cost of an eligible item (see [Section 6.4.1](#)).

### **6.7.3 Request for final instalment**

To request the final instalment for a given project, institutions must submit a final financial report. The report must state the final total eligible costs and contributions, and include certification that:

- the information provided in the financial report is accurate;
- the resources are available for the operation of the infrastructure;
- the administration of the funding requested from the CFI is in accordance with the Institutional Agreement, the CFI Policy and Program Guide, and conditions of award as specified in the Award Agreement;
- all elements of the infrastructure project have been acquired/constructed in accordance with the Award Agreement;
- the project is now complete (i.e. all the infrastructure has been acquired or developed and is operational, and all costs have been incurred).

Institutions must ensure that the CFI's contribution does not exceed the agreed CFI share of eligible costs, or the maximum CFI amount, whichever is lower.

## **6.8 Operation and maintenance of CFI-funded infrastructure**

It is the institution's responsibility to ensure that sufficient funds are provided for the operation and maintenance of CFI-funded infrastructure. Institutions must have an internal plan or strategy to meet these obligations. The plan or strategy for the provision (and administration) of operating and maintenance support should be made public to all relevant stakeholders at the institution.

Because the Infrastructure Operating Fund (IOF) helps institutions with a portion of the operating and maintenance costs of CFI-funded infrastructure, its utilization should be an integral part of the institution's operating and maintenance plan or strategy.

The institution's operating and maintenance plan or strategy must be retained on file and provided to the CFI upon request.

## **6.9 Monitoring and auditing activities**

The CFI conducts periodic monitoring visits and contribution audits of projects to ensure compliance with its guidelines and proper management of its funds.

The CFI reserves the right to make the final determination of eligible costs and fair market value, to disallow expenditures and reduce the CFI award. To avoid a situation where costs may later be deemed ineligible or incorrectly valued, institutions are advised to contact the CFI early in the process if they foresee problems in complying with the guidelines for a given project.

### **6.9.1 Monitoring visits**

Monitoring visits are conducted at recipient institutions to assess the adequacy and effectiveness of policies, processes and controls that are in place for the management of CFI-funded projects. This helps ensure that funds are being used for their intended purposes and in accordance with terms and conditions of award agreements, as well as CFI policies and guidelines.

The objectives of the monitoring visits are to:

- obtain an understanding of key policies, processes and controls in place at the institution and assess their adequacy;
- review a sample of expenditures and contributions to confirm the CFI's understanding of the various key processes and controls, as well as confirm their existence and effectiveness. In this process, the CFI also reviews whether the expenditures and contributions were made in accordance with the terms and conditions of the applicable award agreements, and if CFI policies and guidelines have been respected;
- disseminate information on CFI policies, guidelines and expectations for financial accountability and integrity.

Institutions that are subject to a monitoring visit are also subject to an audit of their Infrastructure Operating Fund expenditures.

If the recipient institution has forwarded funds to another institution (i.e. an affiliated hospital or another eligible institution participating in a project), the CFI may monitor the project account at the location where the funds are spent.

### **6.9.2 Contribution audits**

The CFI conducts audits to ensure that the funding received by an institution for a given project has been used in accordance with agreed upon terms and conditions of the Award Agreement, and with applicable policies and guidelines. The CFI reserves the right to review and audit any CFI-funded project.

A risk-based audit approach is used for the selection of projects to be audited. The risk of a project will determine the scope, timeline, nature and extent of the audit activities. The CFI reviews project risk and assesses the need for audits periodically.

It should be noted that all projects with a CFI contribution exceeding \$10 million are automatically subject to an audit. The institution will be notified when one of its projects is selected for an audit.

Audit costs are not eligible costs and cannot be reported as such in a CFI-funded project. Within certain guidelines, the CFI will pay for the audit costs out of its administrative budget. However, if the institution has not prepared the required documentation by the dates set by the auditors, nor cooperated with the auditors by providing them with the required information on a timely basis, the CFI may request that the additional costs incurred be paid by the institution.

## **6.10 Release of Infrastructure Operating Funds**

### **6.10.1 Infrastructure Operating Fund Award Agreement**

The CFI will prepare an Infrastructure Operating Fund (IOF) Award Agreement between the recipient institution and the CFI at the time of the first IOF request. This agreement will highlight how the institution's IOF allocation will be determined, the reporting requirements, and the general terms and conditions of the funding. Institutions must sign the agreement and return it to the CFI.

### **6.10.2 Requesting the release of IOF**

Institutions are responsible for deciding how IOF funds are to be divided among projects eligible to receive IOF. Institutions have the flexibility to distribute their IOF allocation based on actual operating and maintenance needs as opposed to allocating the exact amount to the project that generated it. Institutions are therefore encouraged to carefully review and determine how they can make optimal use of the funding.

Once the institution has determined its funding request for a given year, the request for the release of IOF must be submitted online by the account administrator by June 15 as part of the IOF Annual Report. Only one institutional request per year may be submitted. Cumulative requests cannot exceed the institution's available allocation at any given time. A copy of these documents, signed by the account administrator and the President/CEO or designated representative of the institution (as per the Institutional Agreement), must also be sent to the CFI. Once validated and approved, the annual request becomes an integral part of the IOF Award Agreement.

If an infrastructure project involves two or more eligible institutions, the institution responsible for receiving and administering the CFI funds for the infrastructure project must submit the annual request on behalf of all institutions. The Inter-Institutional Agreement should state how the IOF will be shared among the institutions.

Expenditures reported under the IOF must be subject to the institution's usual tendering and purchasing policies and procedures.

### **6.10.3 Reporting of actual expenditures**

The CFI wishes to keep the administration of this fund as simple as possible, minimizing the documentation and reporting requirements, while still ensuring accountability. In addition, actual operating and maintenance expenditures often exceed the institution's IOF allocation. As such, the CFI will only require that an institution demonstrate in its IOF Annual Report that it had sufficient eligible IOF expenditures (not claimed for reimbursement from another source) for the amount of funding requested. Institutions are encouraged to focus their efforts on higher dollar value items, thus reducing the number of items and associated supporting documentation required.

The IOF Annual Report must be completed online and submitted electronically by the account administrator by June 15. A copy of this document, signed by the account administrator and the President/CEO or designated representative of the institution (as per the Institutional Agreement), must also be sent to the CFI.

Institutions should include in their IOF Annual Report expenditures incurred for the previous April 1 to March 31 period, including outstanding commitments, which are allowed only in cases where the expenditure has been incurred (i.e. work performed, goods received or services rendered) but the invoice was not paid in the period ending March 31. Institutions must ensure that expenditures reported have not been claimed for reimbursement from another source, in which case, they are not eligible under the IOF.

For IOF related to infrastructure projects involving two or more eligible institutions, the institution responsible for receiving and administering the CFI funds for the infrastructure project must report the actual expenditures from all institutions.

### **6.10.4 Requesting additional funding**

The CFI will pay for actual operating and maintenance expenditures that were not initially forecasted and requested if:

- these expenditures are reported at the end of the year in the IOF Annual Report for the period in which they were incurred, and
- such an amount is still available in the institution's allocation.

If total actual cumulative expenditures at the reporting date exceed the cumulative payments made by the CFI at that time, the CFI will issue a payment for the difference after receiving the IOF Annual Report.

The CFI will not pay for expenditures previously incurred that were not reported in a timely manner in the IOF Annual Report related to the year the expenditures were incurred.

### **6.10.5 Payment schedule**

The CFI pays 100 percent of expenditures reported under the IOF, up to the institution's available allocation. There is no holdback amount. Payment schedules are based on forecasted expenditures provided in the IOF Annual Report and take into

consideration any CFI excess payment or shortfall for the preceding fiscal year. These documents must be submitted to the CFI by June 15.

The CFI will make instalment(s) as follows:

**Table 6.4 – Payment schedules**

<b>Annual request</b>	<b>Timing</b>
Less than \$400,000	July
Between \$400,000 and \$1,000,000	July (50%) January (50%)
Greater than \$1,000,000	July (50%) October (25%) January (25%)

If there is an excess CFI payment in the previous fiscal year, the CFI will reduce the July instalment by this amount. If there is a shortfall, the CFI will increase the July instalment accordingly.

### **6.10.6 Supporting documentation**

Institutions must be prepared to provide full supporting documentation for all actual expenditures reported in their IOF Annual Report.

#### **Required documentation**

- Originating documentation (refer to [Section 6.4.3](#))
- For salaries of highly qualified personnel (technicians or professionals) directly involved in the operation and maintenance of the CFI-funded infrastructure:
  - Description of the operation and maintenance activities performed, and certification that the infrastructure cannot be operated without the assistance of the highly qualified personnel. This certification must be obtained annually and signed by the employee and approved by the supervisor. The CFI will also accept a certification of this information from another person (e.g. project leader or department head) if this person is knowledgeable of the activities performed by the employee.
  - Supporting evidence for the individual’s salary rate and fringe benefits (e.g. letter of hire or change in salary rate, payroll records, etc.)

- If the institution is reporting the cost of electricity related to CFI-funded equipment, the institution can choose to use a detailed method or a simple method for calculating these costs:
  - **Detailed method:** The institution must establish an appropriate method to calculate its actual cost of electricity and must maintain supporting documentation for all elements.
  - **Simple method:** The institution need not calculate its actual cost of electricity but must use the provincial rate prescribed by the CFI. (Rates are updated annually.) This rate should be multiplied by the electrical consumption of the equipment. Institutions must maintain supporting documentation for the electrical consumption of the equipment.
- If the institution is reporting facilities charges related to CFI-funded constructed or renovated space, the institution can choose to use a detailed method or a simple method for calculating these costs:
  - **Detailed method:** The institution must establish an appropriate method to calculate its actual facilities cost (per square foot or square metre) and must maintain supporting documentation for all elements.
  - **Simple method:** The institution need not calculate its actual facilities cost, but must use the provincial rate prescribed by the CFI for the type of space. (Rates are updated annually.) This rate should be multiplied by the amount of CFI-funded constructed or renovated space. Institutions must maintain supporting documentation for the amount of space.
- Identification of the CFI-funded infrastructure project(s) for which eligible operating and maintenance costs are claimed. The expenditure must be directly related to an infrastructure project eligible to receive IOF.
- Confirmation obtained by the institution from the project leader(s) (at a minimum annually) that the infrastructure is still used for research purposes. These confirmations must be kept on file and provided to the CFI upon request. IOF Annual Reports should include certification that these confirmations have been obtained.

The following can be found under “Download Reference Forms” in the “CFI Online” section of the CFI website ([www.innovation.ca/en/cfi-online/download-reference-forms](http://www.innovation.ca/en/cfi-online/download-reference-forms)):

- Sample templates for reporting salaries, the cost of electricity related to CFI-funded equipment, and facilities’ charges related to CFI-funded constructed or renovated space
- Annual rate table for the cost of electricity (for the simple method of reporting electricity costs)
- Annual rate table for facilities charges (for the simple method of reporting facility charges)

All documentation must be retained on file at the institution for audit purposes for a minimum of five years following the submission of the IOF Annual Report, and provided to the CFI upon request.

### **6.10.7 Multi-institutional projects and associated IOF**

When two or more institutions are involved in a project, the Inter-Institutional Agreement must address the plans to manage any associated operating and maintenance funds. Funds will be released to the institution responsible for receiving and administering the CFI award for the infrastructure project.

### **6.10.8 Monitoring and auditing activities for the IOF**

The CFI reserves the right to review and audit actual expenditures reported in the institution's IOF Annual Report. The CFI monitors the management of IOF awards during its regular financial review visits and audits at institutions. When requested, institutions must provide access to the supporting documentation and other information related to the award, including funds transferred to other eligible institutions.

If the institution responsible for receiving and administering the CFI funds has forwarded funds to another institution (e.g. an affiliated hospital or another participating eligible institution), the CFI may monitor the award account at the location where the funds were spent.

The CFI reserves the right to make the final determination of eligible costs under the IOF, to disallow expenditures and recover funds that have been paid out to the institution. To avoid situations where costs may later be deemed ineligible, institutions are advised to contact the CFI if they foresee problems in complying with IOF guidelines.

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The CFI recognizes its responsibility to deliver programs that focus on Canada's needs as it competes in the global, knowledge-based economy, and to demonstrate success by producing results. The CFI is committed to the principle of public accountability and places great importance on communicating the impacts of its research infrastructure investments and demonstrating how these impacts contribute to achieving the CFI's national objectives.

Accurate, consistent, and timely information is required both as part of the CFI's accountability to government and to inform future directions and program planning. Drawing on its current Performance, Evaluation, Risk and Audit Framework (PERAF), the CFI collects and analyzes information using evaluations and special studies, Project Progress Reports (Report on Results), Institutional Reports, and the Outcome Measurement Study (OMS). Evaluation related documents are posted on the CFI Website: ([www.innovation.ca/en/accountability/evaluation-and-outcome-assessment](http://www.innovation.ca/en/accountability/evaluation-and-outcome-assessment)).

### 7.1 Overall performance evaluation and value-for-money audit

A key element of the CFI's Funding Agreement is the requirement to carry out an overall performance evaluation of the CFI's activities and funded projects at least every five years. New in 2007 was the introduction of a performance or value-for-money audit which is scheduled to be completed by March 31, 2010.

The CFI has decided to conduct activities related to the two requirements simultaneously to achieve synergy in terms of both human and financial resources, and to reduce burden on institutions.

### 7.2 Evaluations and special studies

The CFI uses multiple lines of evidence to address evaluation issues. Evaluations and special studies are performed on a priority basis. Through its evaluation activities, the CFI ascertains the degree to which its national objectives are achieved and examines issues such as relevance, efficiency, effectiveness, as well as performance, impact and sustainability.



## **7.3 Project Progress Reports and Institutional Reports**

The CFI is publicly accountable for its investments in research infrastructure, and it must therefore demonstrate the outcomes and impacts of its activities. To this end, institutions are required to submit Project Progress Reports and Institutional Reports.

### **7.3.1 Project Progress Reports**

Project Progress Reports help demonstrate the results of investments in research infrastructure at Canadian institutions by looking at a number of indicators: the attraction and retention of researchers; training of highly qualified personnel; research productivity; partnerships and collaborations; and social and economic benefits. The reports also provide information on issues such as the implementation status of the infrastructure projects, operating and maintenance and the useful life of the infrastructure.

CFI-funded institutions must electronically complete and submit their Project Progress Report forms for every project by June 30 each year for five years following award finalization. The CFI will return institution-specific project data to the CFI liaison in an Excel worksheet by mid-July.

The information collected through the Project Progress Report may be used to inform annual reporting, outcome measurement and other evaluation-related special studies of the CFI.

### **7.3.2 Institutional Reports**

Institutional Reports address the overall impact of CFI investments on the institution's ability to implement its strategic research plans in areas such as building capacity, partnership promotion, and generating benefits for Canada. The “communication activities” section of the report conveys the achievement of these strategic objectives (see [Section 8](#)).

Institutional Reports are due by July 31 in each year an institution is required to submit one or more Project Progress Report.

The information collected through the Institutional Report may be used to inform annual reporting, outcome measurement and other evaluation-related special studies of the CFI. The communications section of the report will also be used to identify opportunities to collaborate with and support institutions in their efforts to showcase the importance and benefits of their research to various audiences and stakeholders.

## **7.4 Outcome Measurement Study**

The Outcome Measurement Study (OMS) is designed to assess the degree to which the CFI's investment in research infrastructure is a critical contributing factor in the realization of five outcomes — strategic research planning, research capacity, highly qualified personnel, research productivity, and innovation. It helps demonstrate to the CFI Board, the Government of Canada, the Canadian public, and other key stakeholders the extent to which the CFI is achieving its national objectives. The OMS

also provides information for evaluation and planning purposes, and features prominently in the PERAF.

The OMS is a learning exercise conducted in partnership with participating institutions and is different from a typical merit-review process. No funding is contingent on the findings, nor are the findings used to rank research activities or institutions. The methodology involves an in-depth questionnaire submitted to institutions and validation by a visiting international expert panel whose report is the key output of the exercise. The scope is unique in that it looks across an institution and a specific theme rather than examining an individual project or program. Selected institutions are notified several months in advance of the visit. Recognizing that institutions may need to invest additional resources in data collection and other activities to support the OMS exercise, the CFI will make a one-time contribution of \$10,000 (as of April 1, 2009) to those institutions once the OMS Expert Panel report is successfully completed.

## 8. COMMUNICATING RESULTS

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For federal research funding to continue in Canada, it is critical for all parts of the research enterprise to demonstrate impacts, benefits and return on investment to the Canadian public and governments.

The CFI places great importance on being open, transparent and accountable to the public regarding the impact and outcomes of its investments in research infrastructure. Accordingly, CFI-funded research institutions are also expected to communicate the results of these investments to Canadians.

### 8.1 Submitting communication updates

As part of the annual Institutional Report (see [Section 7.2.2](#)), and to showcase the impacts and outcomes of CFI investments, the CFI requires information on the communication activities undertaken in the past year, along with activities planned for the coming year. Institutions are asked to provide information on media activity (e.g. news releases, television or radio items, newspaper articles, web postings or any other publications) and special events (e.g. official openings, funding announcements, conferences and public outreach activities). This information assists the CFI in identifying opportunities for collaboration and supporting institutions in their efforts to showcase the importance and benefits of research to their respective communities and beyond.

### 8.2 Announcing CFI funding decisions

The CFI usually makes a national funding announcement after every meeting of its Board of Directors. In most cases, a funding announcement event is organized in conjunction with a recipient institution. Following national announcements, the CFI looks to recipient institutions to showcase their individual or collective awards through various communications mechanisms (e.g. media profiles, awards ceremonies, and publications, such as science magazines, alumni news, etc.). Special events (e.g. openings, ribbon cuttings, groundbreakings and milestone celebrations) also provide opportunities for institutions, their researchers and partners, along with government representatives, the media and the CFI, to highlight the research taking place in their community.

Where a significant demand exists for services from the institution to the public in one or both of Canada's official languages, the institution will meet that demand.

### **8.3 Showcasing the impacts of research**

The CFI welcomes any opportunity to partner with funded institutions to showcase in a significant way their results and how they benefit Canadians. These activities can target the media, general public, government decision-makers or other key stakeholders in an effort to further acquaint them with research activities enabled by CFI funding.

One such initiative created by the CFI is its popular online magazine, InnovationCanada.ca. This website, first launched in 2002, showcases excellence in Canadian research, and receives more than 20 million hits each year from all sectors of the population. It is also used by media as a source for science information. CFI-funded institutions have the opportunity to directly reach this audience by submitting compelling success stories to CFI for posting on InnovationCanada.ca. The CFI looks forward to working with communications staff at its funded institutions to take advantage of every opportunity for significant national and international visibility.

## ANNEX 1 – SUMMARY OF REFERENCED HYPERLINKS

The CFI corporate website: [www.innovation.ca](http://www.innovation.ca)

Programs: [www.innovation.ca/en/programs](http://www.innovation.ca/en/programs)

Funds: [www.innovation.ca/en/programs/funds](http://www.innovation.ca/en/programs/funds)

Finance: [www.innovation.ca/en/finance](http://www.innovation.ca/en/finance)

Frequently Asked Questions: [www.innovation.ca/en/finance/frequently-asked-question](http://www.innovation.ca/en/finance/frequently-asked-question)

- Request for quotation
- Examples of fair market value comparison analyses
- Framework for the Evaluation of Cost Allocation Methods
- Example of a Detailed Cost Allocation Method (Hanscomb Limited)
- Simplified Cost Allocation Method

CFI Online: [www.innovation.ca/en/cfi-online](http://www.innovation.ca/en/cfi-online)

- Financial Access: Infrastructure Operating Fund allocation
- Financial Access: Amendment Module

Reference forms: [www.innovation.ca/en/cfi-online/download-reference-forms](http://www.innovation.ca/en/cfi-online/download-reference-forms)

- Institutional Agreement

Award finalization

- Itemized List and Summary of Secured Contributions
- Award Conditions document
- Award Finalization Instructions Manual

Post-award reporting

- Financial Report Instructions Manual
- Template for personnel costs: CFI infrastructure projects

Infrastructure Operating Fund (IOF)

- Certification: Salary of technicians and professionals
- Template for electrical costs: CFI-funded equipment

- Template for facilities charges: CFI-funded construction and renovation
- Annual rate table: Electricity
- Annual rate table: Facilities charges

Evaluation: [www.innovation.ca/en/accountability/evaluation-and-outcome-assessment](http://www.innovation.ca/en/accountability/evaluation-and-outcome-assessment)

## External websites

Canada Research Chairs: [www.chairs.gc.ca](http://www.chairs.gc.ca)

Canadian Institutes of Health Research: [www.cihr-irsc.gc.ca](http://www.cihr-irsc.gc.ca)

Natural Sciences and Engineering Research Council of Canada: [www.nserc-crsng.gc.ca](http://www.nserc-crsng.gc.ca)

Social Sciences and Humanities Research Council of Canada: [www.sshrc.ca](http://www.sshrc.ca)

Automotive Partnership Canada: [www.apc-pac.ca](http://www.apc-pac.ca)

## Reference documents from external websites

*Tri-Council Policy Statement – Ethical Conduct for Research Involving Human:*  
[www.pre.ethics.gc.ca/english/policystatement/policystatement.cfm](http://www.pre.ethics.gc.ca/english/policystatement/policystatement.cfm)

Health Canada's drugs and health products regulations:  
[www.hc-sc.gc.ca/dhp-mps/prodpharma/applic-demande/guide-ld/clini/index\\_e.html](http://www.hc-sc.gc.ca/dhp-mps/prodpharma/applic-demande/guide-ld/clini/index_e.html)

Ethical and legal requirements relating to privacy, confidentiality and security of information: [www.cihr-irsc.gc.ca/e/29373.html](http://www.cihr-irsc.gc.ca/e/29373.html)

Canadian Council on Animal Care guidelines:  
[www.ccac.ca/en/CCAC\\_Programs/Guidelines\\_Policies/GUIDES/ENGLISH/toc\\_v1.htm](http://www.ccac.ca/en/CCAC_Programs/Guidelines_Policies/GUIDES/ENGLISH/toc_v1.htm)

Public Health Agency of Canada's *Laboratory Biosafety Guidelines* (2004):  
[www.phac-aspc.gc.ca/publicat/lbq-ldmbl-04/](http://www.phac-aspc.gc.ca/publicat/lbq-ldmbl-04/)

Canadian Nuclear Safety Commission regulations:  
[www.nuclearsafety.gc.ca/eng/lawsregs/index.cfm](http://www.nuclearsafety.gc.ca/eng/lawsregs/index.cfm)

*Canadian Environmental Assessment Act:* [www.ceaa-acee.gc.ca/013/index\\_e.htm](http://www.ceaa-acee.gc.ca/013/index_e.htm)

Licences for facilities in the Yukon, the Northwest Territories and Nunavut

- Yukon: [www.tc.gov.yk.ca/scientists\\_explorers.html](http://www.tc.gov.yk.ca/scientists_explorers.html)
- Northwest Territories: [www.nwtresearch.com](http://www.nwtresearch.com)
- Nunavut: [www.nri.nu.ca](http://www.nri.nu.ca)

Agreement on Internal Trade: [www.ait-aci.ca/index\\_en/intro.htm](http://www.ait-aci.ca/index_en/intro.htm)