



# 2005 – 2008 CFI Policy and Program Guide

August 2005 – February 2008

## 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 to fund research infrastructure which consists of the state-of-the-art equipment, buildings, laboratories, and databases required to conduct research. 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.

### 1.2 Budget and Funding Formula

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Since it was created in 1997 the CFI has been entrusted with \$3.65 billion by the Government of Canada. The CFI normally funds up to 40 percent of a project's infrastructure costs which are invested in partnership with eligible institutions and their funding partners from the public, private, and voluntary sectors who provide the remainder. Based on this formula, the total capital investment by the CFI, the research institutions, and their partners, will exceed \$11 billion by 2010.

### 1.3 Benefits of Supporting Research

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Support from the CFI enables institutions to set their own research priorities in response to areas of importance to Canada. This allows researchers to compete with the best from around the world, and helps to position Canada in the global, knowledge-based economy. CFI support is intended to:

- strengthen Canada's capacity for innovation;
- attract and retain highly skilled research personnel in Canada;
- stimulate the training of Highly Qualified Personnel through research;
- promote networking, collaboration, and multidisciplinary among researchers, institutions, and sectors;
- ensure the optimal use of research infrastructure within and among Canadian institutions.

The research enabled by CFI support is also creating the necessary conditions for sustainable, long-term economic growth, including the creation of spin-off ventures and the commercialization of discoveries, and supporting improvements to society, quality of life, health, the environment, and public policy.

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## 1.4 Selection Process

Eligible Canadian institutions can apply for CFI support. Applications are assessed using the following criteria:

- Quality of research and need for infrastructure;
- Contribution to strengthening the capacity for innovation;
- Potential benefits of the research to Canada.

CFI support is awarded following a thorough merit-based assessment process that involves researchers, research administrators, and research users from Canada and abroad who review proposals and make funding recommendations. These volunteers are selected based on their expertise and reputation.

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## 1.5 Programs: 2006 to 2010

Since 1997, the investments made in research infrastructure in the country's knowledge-producing institutions are transforming Canada's research landscape.

Recognizing that the environment had evolved, the CFI engaged in discussions with institutions and their partners, government officials and funding agencies on the impact of infrastructure investments so far, future needs and plans of institutions, and on how best to deliver the CFI mandate for the 2006-2010 period. The discussions resulted in a revised program architecture.

More information regarding the CFI's funds can be found in Section 2 of this guide.

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## 2. Funds

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### 2.1 General Information

For all CFI Funds, the following definitions apply:

#### **Infrastructure**

Equipment, specimens, scientific collections, computer software, information databases, communication linkages, and other intangible properties, used or to be used primarily for carrying on research, including housing and installations essential for the use and servicing of the above infrastructure.

#### **Innovation**

Innovation is a process that begins with the creation of knowledge in research, and continues through its applications, for the benefit of Canadian society.

#### **Research**

The attempt to discover new facts, knowledge, and information; to develop new interpretations of facts, knowledge, or information; or to discover new means of applying existing knowledge in all disciplines.

### Technology Development

The development and application of tools, machines, materials, and processes that help to solve human problems.

### Research Training

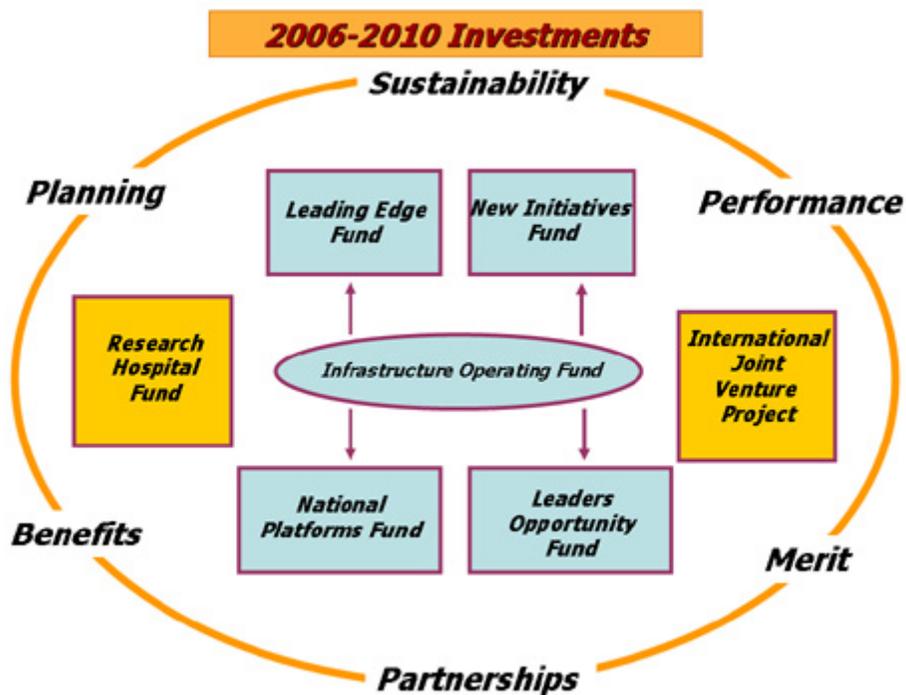
The training of highly qualified personnel through research, including:

- technicians;
- technologists;
- undergraduate students;
- graduate students;
- postdoctoral fellows;
- other trainees.

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## 2.2 CFI Funds

The CFI's program architecture for 2006-2010 is as follows:



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### 2.2.1 Leading Edge Fund

The CFI's **Innovation Fund**, **University Research Development Fund**, and **College Research Development Fund** made possible the development of major research facilities of international calibre across the country. In recognition of the growing need to protect and nurture these investments in infrastructure, the CFI designed the Leading Edge Fund (LEF) in 2005.

The LEF will enable institutions to build on and enhance already successful and productive initiatives supported by past CFI investment(s), and thereby secure and further enhance highly competitive research or technology development efforts. Institutions will strengthen particularly successful and productive activities in their select areas of strategic priority where they have a competitive advantage and a proven track record in helping strengthen the country's capacity for innovation.

More information on the LEF, including the Call for Proposals (launched in 2005) [can be found here](#).

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## 2.2.2 New Initiatives Fund

There is a continuing need to invest in new infrastructure as research opportunities arise and new research areas emerge. To fulfil this need (which was previously met by the [Innovation Fund](#), the [University Research Development Fund](#), and the [College Research Development Fund](#)), the CFI designed the New Initiatives Fund (NIF) in 2005. The NIF seeks to support infrastructure initiatives in which the CFI has not previously invested and that enable institutions and their partners to develop their capacity in promising areas of research and technology development, as well as to improve their research competitiveness and international leadership. Through the NIF, the CFI challenges Canadian institutions to propose new infrastructure projects covering the full spectrum of research and development activities that will lead to breakthroughs and societal improvements for the benefit of Canadians.

More information on the NIF, including the Call for Proposals (launched in 2005) [can be found here](#).

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## 2.2.3 Leaders Opportunity Fund

The Leaders Opportunity Fund (LOF) builds on the [New Opportunities Fund](#), the [Canada Research Chairs Infrastructure Fund](#), and [Career Awards Fund](#), and is designed to assist universities in attracting excellent faculty to Canadian universities as well as retaining the very best of today and tomorrow's leading researchers for Canada.

More information on the LOF [can be found here](#).

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## 2.2.4 Research Hospital Fund

To address today's and tomorrow's health challenges, support is needed for research that will lead to groundbreaking discoveries and knowledge that can be translated quickly and effectively into improved health for Canadians, more effective health services and products, and a better health care system. Research hospitals are meeting these transformative challenges by forming new multidisciplinary and problem-oriented structures. To tackle research that is increasingly multidisciplinary and sophisticated, to translate research results in a timely fashion and to compete at the forefront in this area, Canada's research-hospital community requires, among other things, access to state-of-the-art research infrastructure. The Research Hospital Fund (RHF) is designed to meet these infrastructure needs.

More information on the RHF [can be found here](#).

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## 2.2.5 International Joint Venture Fund

In 2002, the CFI invested about \$165 million in nine projects, comprising three Joint Venture and six International Access projects, to help Canadian institutions lead and participate in major multi-national projects. There is \$35 million remaining to fund a fourth International Joint Venture project. The International Joint Venture Project 2005 seeks to support a joint collaborative research venture between one or more leading Canadian institutions, and at least one leading institution located outside Canada. It will be a collaboration between the very best in Canada and the very best in the world. The project will ensure Canadian leadership in the research area and will promote a distinctive Canadian contribution. The successful project is likely already in development and will be able to provide clear evidence of substantive existing collaborative links with the proposed international partner(s).

More information on the International Joint Venture Fund, including the Call for Proposals (launched in 2005) [can be found here](#).

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## 2.2.6 National Platforms Fund

The National Platforms Fund provides generic research infrastructure, resources, services, and facilities that serve the needs of many research subjects and disciplines, and that require periodic reinvestments because of the nature of the technologies. The Fund is being established to fund High Performance Computing infrastructure, and may prove to be the best vehicle to fund other types of generic infrastructure at a later date.

More information on the National Platforms Fund [can be found here](#).

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## 2.2.7 Infrastructure Operating Fund

The Infrastructure Operating Fund (IOF) contributes to the incremental operating and maintenance costs associated with projects funded by the CFI to maximize the efficient utilization of research infrastructure.

More information on the IOF [can be found here](#).

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## 2.2.8 - Exceptional Opportunities Fund

Although the nature of most infrastructure projects requires significant time from conceptualization to implementation, there may be very few instances where an exceptional research opportunity would be missed if a project had to wait the normal course of events of a national competition before a decision could be rendered. It is in this context that the CFI Board has identified a need for a rapid response mechanism that will further assist institutions and their partners to participate in unique opportunities for exceptional and innovative research enabled by infrastructure.

To qualify for a rapid response approach, a project must be taking advantage of an exceptional, urgent and time sensitive opportunity and partnership, such as the potential loss of funding for research from international sources or private sector, that justifies having the project being considered outside the normal pan-Canadian competitive review process of the CFI. The nature of the project must require the coordination and financial support of other relevant agencies for the funding of the research, the infrastructure and its operations in a timely manner. The infrastructure component must also be an indispensable element of the project if it is to go forward. Projects which,

in whole or in part, have already been reviewed by the CFI are not eligible.

We expect to consider very few projects under this approach. For this reason, institutions should first approach their Institutional Coordinator at the CFI. The application will be in two steps:

1. The institution must submit a letter of intent that addresses the exceptional opportunity, the significance of the partnership, and the urgency and need for funding outside the normal Innovation Fund process. A standing multidisciplinary committee will review the justification and recommend to the CFI Board whether a complete application should be invited.

2. The institution submits the complete application upon invitation. The project is assessed on the basis of the following criteria:

- Significance of the exceptional opportunity
- Needs for funds at this time and committed financial partnerships
- Quality of research and need for infrastructure
- Contribution to strengthening the capacity for innovation
- Potential benefits for Canada

The assessment of complete applications will be tailored to the nature and complexity of each proposal. The CFI Board will make the final decision on funding.

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## 3. Eligibility

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### 3.1 Eligible Institutions

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#### 3.1.1 What is an eligible institution?

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 capability to support and conduct research;
- a not-for-profit organization or a trust, as long as they are not agencies of governments or for-profit corporations. Its activities are primarily carried out in Canada, and it has demonstrated its capability to support and conduct research.

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#### 3.1.2 Are there exceptions?

An educational institution that is **federated or closely associated** with a university applies for funding through that university. However, it does not have to apply through a university if it receives its operating budget directly from the provincial government and it has its own board of directors.

An institution that is **affiliated** with another institution that is already eligible is not given its own independent authority, unless the institution receives its operating budget directly from the provincial government and has its own board of directors.

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#### 3.1.3 Are there any mandatory or legal exclusions?

The following organizations cannot apply for CFI funding:

- For-profit organizations and agencies of for-profit entities;
- Federal departments, departmental corporations, parent Crown Corporations, or wholly owned subsidiaries of parent Crown Corporations;
- Provincial departments, agencies, or Crown Corporations (except for universities, colleges, other educational institutions, or hospitals);
- Not-for-profit corporations or trusts that have been established by any of the above;
- Networks of Centres of Excellence (and similar organizations sponsored by provincial governments), Institutes of Health Research, and Genome Canada Centres (these organizations can submit applications to the CFI through one or more of the participating universities).

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### 3.1.4 Are there funds for which eligibility is restricted?

For the **Research Hospital Fund (RHF)**, an eligible hospital (i.e. a corporate entity) may submit an application itself or apply through another institution, (e.g. a university). In the event that the applicant is a university, both the university president and the hospital president must sign the application. By signing the application, the hospital president attests that the project directly serves the research and research training missions of the hospital and its affiliated research institutes. For further details regarding eligibility to the RHF, see [section 2.2.4](#).

For the **Leaders Opportunity Fund (LOF)**, universities having a minimum average of \$300,000 in sponsored research income (excluding CFI awards) over a three-year period (2000-2001 to 2002-2003) as reported to the Canadian Association of University Business Officers, are eligible to receive an allocation under the LOF. Universities with LOF allocations may submit requests for infrastructure funding for their eligible faculty. Teaching hospitals and research institutes may only apply through the eligible universities with which they are affiliated. For further details regarding eligibility to the LOF, see Section 2.2.3.

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### 3.1.5 What about cases where eligibility is not clear?

When not-for-profit entities request eligibility for funding, the CFI must review the institution's statutes, to make sure that the institution is eligible and that no exclusion applies.

In cases where the legal status of an organization is not clear, the CFI will seek legal advice before it determines if an institution is eligible.

Any institution that is not sure if it is eligible should consult the detailed eligibility conditions described in [Annex 1 – Guidelines for Accepting Eligible Institutions](#), and contact the CFI to request a ruling on its eligibility. Applications from an institution will be accepted only when eligibility has been confirmed.

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## 3.2 Eligible Partners

The CFI will provide funding for up to 40 percent of the eligible costs of the infrastructure projects it supports. The balance of the project's costs must come from the institutions and their funding partners.

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### 3.2.1 Who are the possible funding partners?

The CFI considers any of the following possible sources of partner contributions (Canadian or foreign) as acceptable:

- Institutional funds, trust funds, or foundations;
- Departments and agencies of the federal government;
- Departments and agencies of provincial and municipal governments;
- Firms and corporations;
- Voluntary organizations;
- Individuals.

The Canadian Institutes of Health Research, the Natural Sciences and Engineering Research Council, the Social Sciences and Humanities Research Council, as well as tri-council programs (e.g. the Networks of Centres of Excellence and the Canada Research Chairs), are not considered to be acceptable funding partners.

However, as of 2007 the CFI will allow the cost of eligible item(s) to be covered in part by the aforementioned funding sources, provided that this portion is not used to leverage CFI funds. Therefore, the CFI will accept such arrangements with the proviso that its share of the funding does not exceed the CFI agreed upon share (usually a maximum of 40%) of the total cost of eligible item(s) minus any funding used from these sources to cover the purchase of these items. For example:

Full actual cost of eligible item(s):	\$ 200,000
Funding source(s) mentioned above used for the purchase of eligible item(s):	\$ 40,000
Portion of cost on which CFI funding will be calculated (\$200,000 - \$40,000):	\$ 160,000
Maximum CFI funding (40% x \$160,000):	\$ 64,000
Other eligible funding source(s) (\$200,000 - \$40,000 - \$64,000):	\$ 96,000

This position will also be applied retroactively to all projects funded by the CFI. Institutions should contact their CFI Coordinator of Institutional Relations if they wish to discuss retroactive adjustments for a specific project.

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### 3.2.2 Does the source of partner contributions play a role in the evaluation of a project?

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

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### 3.3 Eligible Infrastructure Projects

An eligible infrastructure project involves the modernization, acquisition, or development of research infrastructure. When completed, such a project represents a new capital asset and provides a new or improved research capability, research tool, or research facility.

The CFI does not expect to see a separate request for each item of equipment or infrastructure.

Where appropriate, each project should include infrastructure items linked in a cohesive package.

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### **3.3.1 Who owns infrastructure and equipment funded by the CFI?**

The ownership and control of CFI-funded infrastructure will remain with the eligible recipient. An eligible recipient is defined as the eligible institution—alone or as a member of a group (a majority of which fall under the definition of eligible institutions)—that submits the infrastructure application and which normally receives and administers the funds.

The eligible recipient will:

- operate and use the research infrastructure contemplated by the eligible project;
- hold a majority interest in, and exercise de facto control over the research infrastructure contemplated by the eligible project, for a period of five years from the date of acquisition and installation of the research infrastructure, or such other period as the CFI may deem appropriate;
- assume responsibility to insure all of its research infrastructure, including powered vehicles.

During the five-year period from the date of acquisition and installation of the research infrastructure, the eligible recipient may transfer the majority interest and de facto control of the research infrastructure to another eligible recipient or to a group (a majority of which fall within the definition of eligible recipient), but it must request the CFI's consent.

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### **3.3.2 Who owns intellectual property derived from CFI funded projects?**

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 current institutional policies.

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### **3.3.3 Where can infrastructure and equipment funded by the CFI be located?**

The infrastructure will be located at an eligible institution(s) or at any other location, as specified in the application. Infrastructure may be located outside an eligible institution when it can be shown that this is the most effective way to proceed, and as long as the eligible institution retains majority interest and exercises de facto control over the use of the infrastructure. Infrastructure must normally be located **within** Canada.

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## **3.4 Eligible Costs**

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### **3.4.1 What are eligible costs for infrastructure projects?**

The costs of acquiring, developing, modernizing, or leasing research infrastructure are eligible, with the exception of leasing real property. In the case of leasing, the application must show that leasing is at least as cost-effective as purchasing, and must justify the proposed term of the lease. Leases cannot include the ongoing operating, maintenance, and financing costs.

Eligible costs include all goods and services required to bring the new infrastructure into operation, as well as warranties and service contracts that are included in the infrastructure purchase price. Eligible costs must include the full cost of each item, but exclude any part of the ongoing costs of operating and maintaining a facility. For infrastructure that is used for purposes other than research, the total amount must be prorated to include only the research portion of the infrastructure project. Certain types of infrastructure have special guidelines (i.e. construction, databases, and digital libraries) (see Section 4).

Details of eligible and non-eligible costs are provided below. When a particular item is not clearly defined as either eligible or ineligible, the CFI will consider the matter on a case-by-case basis.

Examples of eligible costs include the costs:

- to purchase an extended warranty and/or service contract (for a maximum period of three years), as long as it is purchased at the same time as the research infrastructure;
- to modernize or construct space (see Section 4.4.1) essential for housing, servicing, and using the infrastructure effectively. Where there is an option of either upgrading an existing building, or constructing a new building, the most cost-effective option must be chosen;
- to construct office space that is essential to the use of the infrastructure (e.g. technicians who operate the infrastructure);
- to modernize or construct specialized space essential to conduct research (e.g. interview rooms);
- to travel to a manufacturer, dealer, or supplier to select the research infrastructure;
- to retain professional, technical, and managerial personnel, consultants, and contractors directly involved in the design, engineering, manufacturing, installation, or construction/renovation of the infrastructure project. Institutions may wish to refer to the **Frequently asked Questions** in the Finance section of the CFI website for guidance on acceptable practices for reporting these costs;
- to ship or transport the research infrastructure, including brokerage fees, excise taxes, and duties;
- to provide initial training for the main operator(s) of the research infrastructure. It is expected that these people will train other users;
- to purchase communications infrastructure that is essential to the research activities.

Examples of non-eligible costs include:

- the components of an infrastructure project used for teaching and clinical care;
- the cost of purchasing or leasing real property;
- the cost of primary data collection in the case of databases (see Section 4.4.2);
- office space for faculty, administrative staff, and students;
- the costs of dissemination activities, including space for meeting/conference rooms and communications infrastructure;
- operating costs related to the general maintenance and overhead of the research infrastructure, and of the building or other facility in which the research infrastructure is situated;
- the cost to conduct research;
- graduate student stipends;
- conference travel;
- administrative expenses not specifically listed as eligible costs;
- office supplies and furniture;
- linking institutions to the Canadian high speed, broad band network;
- the cost to construct or modernize libraries, or to maintain library collections (see Section 4.4.3).

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### **3.4.2 What are eligible costs for the Infrastructure Operating Fund?**

The Infrastructure Operating Fund (IOF) is designed to contribute to the incremental operating and maintenance costs of infrastructure projects funded by the CFI, thereby ensuring more efficient utilization of such infrastructure.

Section 2.2.7 provides further details on the IOF, including eligible costs.

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### **3.5 Eligible Partner Contributions**

The definition of an eligible cost applies to funding by partners as well as by the CFI (i.e. only contributions to the eligible costs of projects can be counted as partner contributions). However, there is one exception: the cost of acquiring or purchasing real property is not an eligible cost, but a donation of real property may constitute an eligible partner contribution if it is deemed essential to the infrastructure project.

Partners may contribute to projects for purposes other than those included in the definition of eligible infrastructure. However, these contributions will not be counted as part of the funding of infrastructure when the cost sharing formula is applied.

A partner contribution that has already been used in full or in part to leverage or to match funds for another project funded by the Canadian Institutes of Health Research, the Natural Sciences and Engineering Research Council, the Social Sciences and Humanities Research Council, and the Networks of Centres of Excellence will not be recognized as an eligible partner contribution to a project.

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#### **3.5.1 What are eligible in-kind contributions?**

The CFI will recognize, at fair value, in-kind contributions (see Section 6.5) that are essential components of the infrastructure project. In-kind contributions are defined as eligible non-monetary resources that external partners provide to eligible projects. In-kind contributions may include, in whole or in part, the value of capital items that eligible external partners donate to the eligible institution, such as equipment and facilities. Certain non-capital eligible costs needed to bring the infrastructure into service, such as professional services and training, may also be included as in-kind contributions.

The CFI considers all contributions made by an eligible institution to a project to be a cash contribution. In cases where the institution has purchased some infrastructure for the project with its cash contribution, this infrastructure can only be accepted as an eligible contribution if it is considered essential to the project and has been purchased after the date set to accept eligible contributions (see Section 3.5.3).

In-kind contributions must be eligible contributions in the acquisition and development of infrastructure, not to the operating costs of research. In-kind contributions of real property may be recognized as eligible, although they are not included in the definition of eligible costs. In-kind contributions of real property will not be recognized if ownership has already been transferred to the recipient institution at the time of submission of the application.

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### 3.5.2 Must the partner contributions be secured at the time of the application?

All partner contributions must be secured or a persuasive plan provided in the application for securing the funds within nine months following the CFI decision. A funding request to a provincial program is considered to constitute a persuasive plan. An application to an agency that reviews and decides on funding independently of the CFI's decisions is not considered a persuasive plan.

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### 3.5.3 Is the eligibility of in-kind contributions and cash expenditures time sensitive?

When applying to the CFI and monitoring actual eligible expenditures and contributions, the institution is responsible for ensuring that in-kind contributions from partners and expenditures incurred by the institution have taken place 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. The following table summarizes the dates of eligibility by fund, and dates of decision.

Fund	Decision Date	Date of Eligibility
Leading Edge Fund	Fall 2006	January 1, 2004
New Initiatives Fund	Fall 2006	January 1, 2004
International Joint Ventures Fund	Invitation to Full Proposals in early 2006	Not applicable
Leaders Opportunity Fund	September 2005 - onwards	Six months prior to the submission of the application

The following table summarizes the date of eligibility by fund, and dates of approval for former Funds.

Fund	Decision Date	Date of Eligibility
Innovation and Regional/National Facilities	October 1998 March 1999 June 1999	July 1, 1997
	July 2000	January 1, 1999
	January 2002	July 1, 2000
	February 2004	January 1, 2002
New Opportunities	August 1998	July 1, 1995
Ongoing New Opportunities	September 1998 – October 2005	Six months prior to the candidate taking up the faculty appointment
University Research Development	October 1998 – June 2001	July 1, 1997
College Research Development	June 1999	July 1, 1997

	July 2000	January 1, 1999
Canada Research Chairs	December 2000 – February 2006	Six months prior to the candidate taking up the Chair position
International Fund	June 19, 2002	July 3, 2001
Career Awards (Michael Smith Prize or Steacie Fellowship)	Once per annum	After the date of the announcement of the Michael Smith Prize or the Steacie Fellowship

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## 4. Application Process

### 4.1 What is Required Before Submitting an Application for CFI Funds?

Before submitting an application to any CFI fund, eligible institutions must submit the following documents:

- A signed **Institutional Agreement** (see Section 6.3.1)
- A **Strategic Research Plan Summary** which should be in the common format used by the CFI and the Canada Research Chairs.

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### 4.2 What Should be Included in a Strategic Research Plan?

The CFI requires institutions to have a Strategic Research Plan that sets priorities based on their strategic vision for the future. Institutions are especially encouraged to set priorities in areas that integrate ideas and knowledge from many disciplines and sectors, and that build on their distinct advantages. The Strategic Research Plan Summary is a two- to five-page document that should:

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

Since most institutions have evolving plans, the CFI accepts revised summaries once a year. Alternatively, these summaries may be required by the CFI during major competitions, and are made available to assessment committees.

The CFI provides eligible institutions with a personal identification number (PIN) and a password to access their institutional electronic application system. Institutions must designate a person who will be the official contact person for day-to-day communication with the CFI.

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### 4.3 How Can an Institution Apply?

Forms and instructions for applying to most CFI funds are available through [CFI Online](#), which provides online access to a repository of application forms and reports. Applications must be completed and submitted electronically using the online forms. For reference purposes, PDF versions of these forms are available for printing.

The following table summarizes the important dates for each fund:

Program	Expected Timeline
Leading Edge Fund	<ul style="list-style-type: none"> <li>• Call for Proposals issued – February 2008</li> <li>• Notice of Intent – June 30,2008</li> <li>• Application Deadline – October 3, 2008</li> <li>• Strategic Research Plan Summary – October 10,2008</li> </ul>
New Initiatives Fund	<ul style="list-style-type: none"> <li>• Call for Proposals issued – February 2008</li> <li>• Notice of Intent – June 30, 2008</li> <li>• Application Deadline – October 3, 2008</li> <li>• Strategic Research Plan Summary – October 10, 2008</li> </ul>
Leaders Opportunity Fund	<ul style="list-style-type: none"> <li>• Notice of Intent not required</li> <li>• Application Deadline – The first deadline is October 31, 2005. From 2006 on, there are three submission dates per year: February 15, June 15, and October 15</li> </ul>
Infrastructure Operating Fund	<ul style="list-style-type: none"> <li>• One claim per year, due by June 15</li> </ul>

## 4.4 What Should an Institution Know About Specific Infrastructure Projects?

### 4.4.1 Construction of new buildings and major building renovations

The CFI will accept infrastructure projects that involve the construction of a new building or development of new space (e.g. new floors) in an existing building only when the new space is essential to house and use equipment and other eligible infrastructure being acquired.

Infrastructure projects that include construction of new buildings or major renovations must be developed well beyond the conceptual stage at the time of submission. That is, the institution will have defined the needs for the building, explored and decided upon the best feasible option, and have reliable estimates of the construction costs, such as a quantity surveyor's report.

The CFI recognizes that some projects may include large and complex construction or renovation components. Given that institutions are expected to have completed planning and development work for such projects, the CFI nonetheless expects institutions to start the construction/renovation component of the project within **18 months** following the award announcement. This means that contracts for construction or renovation must have been finalized, and the work begun. Should an institution not be able to reach the building phase of the project within that time frame, it will provide the CFI with an explanation for this delay. If a compelling justification is provided, the CFI will consider

an extension.

### **What costs are considered eligible for construction and major renovations?**

The CFI will contribute up to 40 percent of the full construction or renovation cost for space of the size and type necessary for housing and using the eligible infrastructure requested in the project. The full cost includes: direct construction costs; soft costs (e.g. site development and planning, architectural and design, professional fees, permits, insurance); and contingency costs (normally not to exceed 10 percent of the construction costs). However, the cost of relocating existing tenants, landscaping, art collections, land and property acquisitions as well as administrative costs (e.g. printing, tenders, photos) are not considered eligible. More examples of eligible and non-eligible costs are included in [Section 3.4](#).

Usable space that is eligible for funding includes space to **house** the infrastructure, such as laboratories, animal facilities, computer rooms, or green houses, as well as space to **use** the infrastructure such as workstations, storage areas, technicians' offices, or interview rooms. Space that is not considered eligible for CFI funding includes space that is associated with a non-research use such as administration, teaching and clinical service, or space to house non-eligible equipment. More examples of eligible and non-eligible space are provided in [Section 3.4](#).

Where the case can be made that other eligible infrastructure (acquired outside the context of the proposal) is essential to the effective use of the requested infrastructure, the costs of the additional space to house and use the additional infrastructure may be included in the request. However, the primary justification for new or renovated space must be the housing and use of the infrastructure being acquired.

In addition to the cost of the eligible usable space, the CFI will also cover the costs of essential (i.e. as required by building codes) non-usable space such as custodial areas, circulation areas, stairways, elevator shafts, mechanical and utility areas, and space occupied by structural features (e.g. fire walls). These spaces are sometimes called "common elements".

The costs related to modifications of the space immediately **adjacent** to the space that is eligible for funding may also be considered if these modifications are essential and a direct result of the construction/renovation of the eligible space.

Note that this section applies to all funds, with the exception of the RHF. For the RHF, the CFI has expanded its definition of eligible costs to include: building space beyond that which is essential to house equipment and use research infrastructure (e.g. office space for researchers, seminar rooms, and space for integrated facilities). This includes new and different research space to take full advantage of state-of-the-art equipment, new ways of conducting research and hospitals' increased research capacity as a result of hiring highly qualified research personnel. (see [Section 2.2.4](#) for more information).

### **What are acceptable cost allocation methods for CFI-funded construction/renovation which is part of a larger undertaking?**

Where the CFI funds a portion of a larger construction/renovation undertaking, the costs for common elements and soft costs must be prorated to the CFI-funded portion. As well, costs for the CFI-funded space must reflect as faithfully as possible the actual cost of this space. A framework for the evaluation of cost allocation methods is included in the [Frequently Asked Questions](#) in the Finance section of the CFI website. Also included are examples of detailed and simplified cost allocation methods. 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.

## What information is required in the application?

For all projects involving construction or major renovation, the institutions must provide the following information:

- The main sections of the proposal must describe and justify, in terms of the innovative research it will enable, the research infrastructure to be located in the new space, whether or not funding is being requested to acquire the infrastructure in the proposal.
- The proposal must contain a complete description of the new space including: location(s) of the area(s), identification, size (in square feet or square metres), and nature (wet lab, dry lab, office, green house, etc.) of all the areas, including non-usable space or “common elements” (e.g. corridors, washrooms, etc). The proposal must describe how the cost of this non-research space has been calculated, and where this cost is included in the proposal.
- Floor plans of the proposed new area(s), showing where the infrastructure will be located and the scale of the plans. Floor drawings are considered to be additional to the application page limitations and can be appended to the paper copy of the proposal.
- In the Financial Module, a reliable estimate should be provided for the overall cost of the building/renovation, with appropriate prorating for a multi-use building. A separate line item in the budget is available for construction/renovation costs. Institutions must be careful to submit realistic and reliable cost estimates in their applications. The transfer of funds from other budget items into construction costs will not be allowed after award finalization.
- In the Budget Justification, a timetable identifying key dates for the various stages of the proposed construction must be provided. The building phase of the project must start within 18 months of the CFI award announcement.
- In the Plan for Operations and Maintenance section of the Finance Module, institutions must demonstrate that they have made provisions for the general operating costs associated with new space.
- Details of the components (e.g. site development and planning, architectural and design costs, construction costs, professional fees, soft costs, and contingency costs) of the overall cost must be provided in the Budget Justification. The overall cost per square foot or metre should be calculated, and is expected to fall within the ranges indicated in the table below. An explanation and rationale is required in the Budget Justification when these ranges are exceeded.

The ranges presented in the table below are expected overall construction prices based on “greenfield” construction. Site-specific conditions may increase overall costs.

Facility	Acceptable CFI Range	
	\$/sq. metre	\$/sq. foot
Animal Facility	\$3,230 - \$3,440	\$300- \$320
Animal Facility (pathogen free)	\$4,300 - \$5,280	\$400 - \$500
Wet Laboratory	\$2,690 - \$3,450	\$250 - \$320
Dry Laboratory	\$2,150 - \$2,690	\$200 - \$250
Clean room IT	\$3,230 - \$5,280	\$300 - \$500
Office Space / Interviewer Room	\$1,290 - \$1,830	\$120 - \$170
Engineering Facility	\$2,150 - \$3,230	\$200 - \$300

Greenhouse	\$1,620 - \$2,500	\$150 - \$200
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Note: 10.76 square feet = 1 square meter

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## 4.4.2 Databases

A research database is a systematic collection of information that is designed and structured for access and exploitation as a research tool. A database may be held in one central location, or distributed across a network. Databases are included in the definition of infrastructure and are eligible for CFI support, provided they will be used mainly for research purposes. Eligible costs will be prorated if a database is also to be used for other purposes.

As is the case for all other infrastructure projects, CFI's funding of databases is limited to capital costs and other costs needed for the research tool to become operational. Therefore, 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 exploitation by a designated research community. This could mean, for example, buying or otherwise acquiring from the public or private sector one or more existing databases essential to the research; or it could involve creating entirely new databases from new and existing data.

The costs of accessing a database for research use are not eligible, nor are the costs of research projects that use the established database. The costs of primary data collection are not eligible, as this activity is deemed an integral part of the research process.

The costs of routine updates to the database (e.g. adding another longitudinal component) are not eligible. However, following initial development of a database, incremental upgrades to extend the database beyond the initial configuration may form the base for a future modernization application if they are of sufficient magnitude.

Where a database contains personal information (e.g. health data), the institution's President/CEO (or authorized designate) will be required to formally acknowledge institutional responsibility for addressing any ethical and legal issues relating to the privacy, confidentiality, and security of the information in the database. This condition must be satisfied before CFI funding is released.

### What components are considered eligible?

The following costs are eligible:

- Costs to lease or purchase the core data;
- Software (e.g. database management systems software), computers, communications hardware, and related materials required for the operation and research use of a database;
- Personnel (e.g. salaries, fees) and associated costs (e.g. travel, materials) for:
  - data "cleaning" (verification, editing), coding, format conversion, data entry, and data transfer;
  - the design, development, beta testing, piloting, commissioning, and integration of the database(s);
  - merging and organizing existing studies and surveys that are not currently in readily accessible reference units that can be used efficiently and effectively;
  - the development of documentation or electronic user manuals and guides designed to facilitate effective use of the database
- Construction or renovation of space to house and use the database.

### **What components are considered non-eligible?**

Research costs are not eligible. These include, for example, the costs of primary data collection, including those for questionnaire development, survey protocol design, sampling methodologies, fieldwork, conduct of surveys, interviewing, obtaining samples, analyzing samples, etc. Such costs are typically, but not exclusively, for personnel.

Note that the above list is not meant to be exhaustive, and that the CFI reserves the right to eliminate from an award any costs deemed to be research rather than infrastructure related.

### **What information is required in an application?**

The proposal should clearly describe the content of the database, such as the nature of the items, the variables recorded, the size of the collection, and the time period it captures. There should be a clear explanation of how the database will be used for the proposed research by outlining the questions that it can answer.

Applicants should address issues of duplication or complementarity of the proposed database in light of existing databases. Access and sharing of the database should be addressed.

Plans for establishing the database and for using it effectively should be included in the proposal, and the appropriate expertise identified. While ongoing maintenance costs are only eligible under the Infrastructure Operating Fund, the applicants should demonstrate that provision has been made to keep the database up to date as required for the proposed research.

### **What are the assessment considerations?**

The following considerations will be employed in assessing proposals against the CFI criteria:

- The database has a unique character and does not duplicate existing resources.
- The nature of the data has specific Canadian significance.
- All the components of the database (e.g. longitudinal increments) are justified for the research use.
- The principal researchers know how to make effective use of the database.
- The database will support high quality research projects which would be subject to peer review.

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## **4.4.3 Digital libraries**

This section provides guidance on what aspects of libraries fall under the definition of research infrastructure eligible for CFI funding. Specifically, the CFI considers that some projects involving digital libraries fall within its definition of research infrastructure, such as software, information databases, or communication linkages. As is the case for all types of infrastructure projects, only the research portion of projects is eligible for CFI support when the infrastructure is to be used for both research and other purposes.

In 1999, the CFI awarded \$20 million for the Canadian National Site Licensing Project, which was meant to provide Canadian universities with access to electronic publications in diverse research areas, including social sciences and humanities. Any new submissions are expected to build upon this initiative.

**Examples of eligible projects include:**

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

**Examples of non-eligible projects include:**

- The cost to construct or modernize libraries, or to maintain library collections. This includes renovations to a library building, upgrading of facilities for accessing conventional library collections, and digitizing or conversion to electronic form of existing, conventional collections
- The acquisition of traditional collections
- The high speed, broadband network across Canada, and extra-campus links to the national backbone

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## **4.5 Are There Special Requirements for Certain Types of Infrastructure Projects?**

The CFI expects that certain types of infrastructure projects will follow existing guidelines. These projects can incorporate or involve any of the following:

- Facilities for the care and treatment of animals;
- Infrastructure for research involving human subjects;
- Research involving biohazards;
- Research involving radioactive materials;
- Facilities that involve a possible adverse impact on the environment;
- Licences for facilities in the Yukon, Nunavut, and the Northwest Territories;
- Infrastructure for clinical trials.

Each institution must ensure that researchers follow the guidelines and adhere to the requirements for the facilities where the research takes place. When it signs the institutional agreement with the CFI, an eligible institution agrees to conform to these guidelines.

### **Facilities for the care and treatment of animals**

Infrastructure projects that involve the care and treatment of animals for research must adhere to the guidelines of the Canadian Council on Animal Care (CCAC).

When it signs the institutional agreement with the CFI, an eligible institution agrees to:

- conform to CCAC guidelines for providing facilities to house and care for animals;
- maintain local animal care committees to assess and control animal experimentation;
- obtain certification from that committee that states that the proposed facility complies with the principles outlined in the CCAC guide, which can be found at [www.ccac.ca](http://www.ccac.ca).

### **Infrastructure for research involving human subjects**

The CFI requires that institutions monitor the ethical acceptability of all research that uses the proposed infrastructure for research involving human subjects. Institutions must adhere to the guidelines set out in the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans. The statement is available at: [www.nserc.ca](http://www.nserc.ca).

### **Research involving biohazards**

Infrastructure for research that may involve biohazards must adhere to the standards outlined in the Laboratory Biosafety Guidelines (1996), which can be found under the Office of Biosafety, Health Canada, at [www.hc-sc.gc.ca](http://www.hc-sc.gc.ca).

### **Research involving radioactive materials**

Facilities that are used for conducting research involving radioactive materials must comply with all Canadian Nuclear Safety Commission regulations, recommended procedures, and safety precautions governing the use of such materials in Canada. These regulations can be found at [www.nuclearsafety.gc.ca](http://www.nuclearsafety.gc.ca).

### **Facilities involving a possible adverse impact on the environment**

The CFI expects institutions to comply with all provincial and federal government regulations pertaining to environmental assessment. For more information, please go to [www.ceaa-acee.gc.ca](http://www.ceaa-acee.gc.ca).

### **Licenses for facilities in the Yukon, Nunavut, and the Northwest Territories**

All research facilities in the Yukon, Nunavut, and the Northwest Territories must be licensed. More information is available at [www.nserc.ca](http://www.nserc.ca).

### **Infrastructure for clinical trials**

If infrastructure is used for clinical trials involving human subjects, the institution must comply with Health Canada's Food and Drug Regulations, and associated policies and guidelines. More information is available at [www.hc-sc.gc.ca/hpfb-dgpsa/inspectorate](http://www.hc-sc.gc.ca/hpfb-dgpsa/inspectorate).

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## **5. Assessment**

All requests for CFI funding are subject to formal independent review and assessment in order to determine the degree to which a request satisfies the CFI criteria for support relative to competing requests. This section briefly sets out the assessment criteria and the processes used by the CFI.

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### **5.1 Assessment Criteria**

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

1. Quality of research and need for infrastructure;
2. Contribution to strengthening the capacity for innovation;
3. The potential benefits of the research to Canada.

A proposal must satisfy all three criteria to a degree appropriate to the size and complexity of the infrastructure project in order to be funded.

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## 5.2 Assessment Process

The CFI strives to assess all applications without imposing an undue workload on an already overburdened research community. As a result, the assessment process varies according to the size of the requested investment, the complexity of the proposal, and the fund under which the application is submitted.

The assessment process is always independent and rigorous, and focuses on the degree to which a request satisfies the criteria. Depending on the fund and the nature of the request, the CFI will use one or a combination of the following types of reviews:

- External Expert;
- Expert Committee;
- College of Reviewers;
- Multidisciplinary Assessment Committee (MAC).

If an institution expresses an interest, the CFI will jointly design with the federal granting agencies, an assessment process for applications seeking significant amounts of research funding directly related to an infrastructure project. Institutions should advise the CFI well in advance of the submission of the application of their interest in pursuing such an option.

The CFI and the provinces also share reviews of projects to avoid duplication of efforts and overburdening the research community.

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### 5.2.1 From whom does the CFI seek expert advice?

Experts consulted will include (as appropriate):

- researchers from various sectors, depending on the field(s) covered by a proposal;
- university and business administrators;
- research procurement officers, and technology transfer experts;
- potential users of the research and technology.

Expert advice is obtained either from individuals or from groups of individuals (expert committees). The role of individual experts is to review the proposals and to submit written comments to the CFI. All reviews are prepared using a common report format. For large and complex infrastructure projects, an expert committee may also meet with a select number of representatives of a project to obtain further clarification on aspects of the proposal, and then submit a report to the CFI.

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### 5.2.2 What are Multidisciplinary Assessment Committees (MAC)?

#### MAC terms of reference

Within the overall program framework, a MAC makes brief written recommendations to the CFI on the proposals in a competition it considers represent the most effective investment in infrastructure in Canada. These recommendations are based on the MAC's review of the proposals and of the relevant reports of expert reviewers and/or committees. The MAC considers the degree to which each request satisfies the assessment criteria relative to other competing infrastructure projects.

## Membership

A MAC is 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 when it selects committee members. In addition, the CFI strives to achieve a reasonable balance of language, gender, region, sector of the economy, discipline, and type of institution. To benchmark applications against international standards, committee members are also selected from abroad. The membership of the committees for each competition can be found under [Committee Memberships](#).

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### 5.2.3 How are proposals assessed?

The application and review process rely on a method which helps:

- applicants to decide whether the project should be pursued further;
- institutions to screen projects according to their plans and priorities;
- the CFI's reviewers and committees to structure their assessment;
- to assess the projects against the CFI criteria in a structured way.

Six statements have been derived from the three assessment criteria that reflect CFI's mandate (see section 5.1). It is incumbent upon the applicant to demonstrate, in the proposal, how the project satisfies the requirements outlined in each statement. Reviewers will then be asked to assess whether or not the requirements for each statement are: satisfied, exceeded, partially or not satisfied based on the information provided.

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### 5.2.4 Collaboration with the provinces and institutions

In consultation with provinces and institutions, the CFI will consider the following approaches to enhance coordination of review processes:

- Increase the sharing of information (e.g. reviewers and committee comments) between the CFI and the province throughout the process to avoid duplication and provide information on the merit of projects;
- Provide an opportunity for provinces to submit their views on projects, within the framework of existing criteria, for which they are being asked for funding.

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### 5.2.5 Who makes final decisions?

All final decisions are taken by the CFI Board of Directors. For each proposal, the written reviews produced by the expert reviewers, expert committees, and the MAC which considered the proposal are provided to the applicant institution.

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## 5.3 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. They are not advocates or representatives of their discipline, or delegates of any organization.

The CFI has adopted a [Statement on Ethics](#) to which all experts and committee members must adhere. All experts and members must also sign a Confidentiality and Non-Disclosure Declaration in which they agree not to discuss their deliberations.

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### 5.3.1 Can applicants contact committee members?

The CFI expects that members of the research community will not contact committee members to get information on committee deliberations. Committee members are instructed not to enter into discussions of any kind related to the review process or specific projects with other members of the research community. Committee members will not receive additional information or representations relating to projects except when the CFI provides them directly. Committee members must refer all inquiries or other material directed to them personally to the CFI staff for response.

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## 6. Administration of CFI Awards

The information presented below applies to infrastructure projects. Guidelines pertaining to the Infrastructure Operating Fund are included at the end of the section ([see Section 6.10](#)).

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### 6.1 Making the Best Use of CFI Funds

The CFI operates on the principle that its funds must be used effectively, economically, and in Canada's best interest, including its research enterprise. To maximize the purchasing power of its investment and ensure a fair and transparent process, the CFI requires that all purchases related to CFI projects follow the institution's usual tendering and purchasing policies and procedures, which must comply at a minimum 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 over estimation of the value of these items inflates the total cost of a project. Not only is this against CFI policy, but it is unfair to all institutions because it decreases the amount available for funding other meritorious projects.

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#### 6.1.1 Can an institution accept '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 offer that the equivalent in cash be returned to the institution (i.e. cash back or rebate on future purchases). Other types of benefits which are unrelated to the CFI project may also be offered to the institution. The CFI will accept such arrangements only if the amount of the benefit is included in the CFI project 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 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 project which are not listed in the Itemized List for the project—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 these additional benefits as a contribution and an eligible item in the CFI project. However, the infrastructure funded by the CFI which is purchased from this supplier must be presented at fair market value (as defined in **Section 6.5.1**) in the application, Itemized List, and financial reports to the CFI. The CFI will not accept that the fair market value of the infrastructure funded by the CFI be higher because of other benefits which may be derived from the purchase.

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## 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 when:

- An administrative error was made by the CFI e.g. miscalculation, erroneous removal of items in cases of partial funding;
- The project was funded under a program which operates with institutional envelopes, e.g. Leaders Opportunity Fund, and a compelling justification has been provided;
- A highly complex project is facing exceptional and unforeseeable circumstances that could put the project at severe risk. The project must make the demonstration that it meets the following set of considerations:
  1. it is unique and complex, e.g., never been done before; new 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 puts in jeopardy its success, timeliness and relevance;
  4. it is confronted with unexpected cost increases representing between 20% and 35% 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 that would require a reassessment of the project in the context of a competition.
  5. it is within one year since finalization and has incurred less than 30% of the total costs;
  6. it provides evidence of a thorough investigation of alternative approaches which shows that it cannot reduce the scope of the project;
  7. it can demonstrate a collective interest in a change as shown by the partners' willingness to assist in the increased costs as the CFI will consider providing 40% of the increase and the institution and its partners the remaining 60%.

The CFI expects few requests and will increase its contribution only in very exceptional situations.

The CFI reserves the right to review this approach for unique and highly complex projects based on experience gained over time.

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## 6.2 Award Finalization

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### 6.2.1 Who will receive and administer the funds?

The eligible institution (alone or as the head of a consortium of institutions) that submits the infrastructure application will normally receive and administer the funds. In some cases, the institution

administering the funds be given to another eligible institution that was part of the application. The latter must have signed an **Institutional Agreement**.

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## 6.2.2 What documents must be provided?

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

- an **Itemized List**;
- a **Summary of Secured Contributions**;
- a **Confirmation of Award Conditions**.

The Itemized List and Summary of Secured Contributions must be submitted electronically. Institutions are required to submit a signed copy of the Confirmation of Award Conditions for each project. Institutions can refer to the **Infrastructure Projects Award Finalizations Instructions** for more information.

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## 6.2.3 What is the timeframe for award finalization?

Award finalization documents must be provided to the CFI within nine months of approval of the award. The CFI may grant an extension if a reasonable explanation is provided. In exceptional circumstances, the CFI may agree to finalize, in stages, the budget for very complex projects of a longer duration. 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 Coordinator of Institutional Relations, if they wish to discuss this alternative for a specific project.

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## 6.2.4 Is there a time limit to reach the building phase of the construction component of a project?

The CFI recognizes that some projects may include large and complex construction or renovation components. Given that institutions are expected to have completed planning and development work for such projects, the CFI nonetheless expects institutions to start the construction/renovation component of the project within **18 months** following the award announcement. This means that contracts for construction or renovation must have been finalized, and the work begun. Should an institution not be able to reach the building phase of the project within that time frame, it will provide the CFI with an explanation for this delay. If a compelling justification is provided, the CFI will consider an extension.

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## 6.2.5 What can be included in the Itemized List?

Eligible costs included in the Itemized List must be based on the institution's usual tendering and

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**.

Competitive bidding procedures, as per the institution's tendering and purchasing policies, must usually have taken place prior to submission of the Itemized List. However, if some of the items included in the Itemized List are expected to be purchased in a period to exceed two years from the time of submission of the Itemized List, the CFI does not require that competitive bidding procedures be carried out prior to the submission of the Itemized List. For these items, it is acceptable to include close estimates of the fair market value of these items. Documentation to this effect must be maintained at the institution and provided upon request. Documentation may include, for example, recent price lists, written or verbal quotes, price information requests, or other supporting documentation. The institution's usual tendering and purchasing policies must still be followed prior to the purchase of these items.

The full estimated cost of all eligible items must be presented in the Itemized List, even if this cost exceeds the cost reported to the CFI in the original application. Reporting of the partial estimated cost of an eligible item to the CFI is not permitted. As well, the cost of an item cannot be shared between several CFI projects. It must be reported in only one CFI project.

It is important to note that, normally, new items which were not included in the application may not be added to the Itemized List. Changes to this list (for example, the equipment model or specifications) may be accepted if a strong justification is presented. The CFI may seek the advice of expert reviewers for the requested changes.

The CFI anticipates that some cost estimates may differ from those in the original application budget once the institution has carried out its tendering and purchasing procedures. However, for all applications submitted after November 1, 2002, if the revised costs of warranties or service contracts are lower than stated in the application, the CFI's contribution will be reduced by an amount equivalent to the CFI's share of the cost reduction.

For construction or renovation, if changes have been made to the information provided in the application (e.g., changes in floor plans, size and nature of the space, etc.), the institution must notify the CFI of these changes. The institution must do so 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 application will form the basis for the Award Agreement.

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## **6.2.6 What about the conditions attached to a project?**

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. Any conditions that have been specified for a project 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.

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## **6.3 Agreements and Instalment Schedule**

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### **6.3.1 What is the Institutional Agreement?**

Agreement. This agreement defines the conditions under which eligible recipients can use CFI funding, including the Special Requirements for Certain Types of Infrastructure Projects (see [Section 4.5](#)).

In the Institutional Agreement, the President/CEO of the recipient institution may designate one of the following types of individuals who will 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 applications 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 in writing by the President/CEO of the institution. The letter should include the signatures of the designates. Alternatively, the institution may forward a revised Institutional Agreement to the CFI.

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### **6.3.2 What is the purpose of an Inter-Institutional Agreement?**

For projects that involve two or more eligible institutions that share CFI funding, an Inter-Institutional Agreement must be signed by all participating institutions. This agreement should cover, as a minimum, which institution will act as the administrative centre for the project. It should clearly state the roles and responsibilities of each institution for the infrastructure project, as well as the long-term operation and maintenance of the infrastructure, how funds will be shared between institutions (including any infrastructure operating funds), and the present plan for access to the infrastructure.

An Inter-Institutional Agreement, signed by all the participating institutions, is required before the CFI will release any funds for such projects.

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### **6.3.3 What is in the Award Agreement?**

For each approved project, the CFI prepares an Award Agreement between the recipient institution and the CFI. 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.

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### **6.3.4 How does the CFI make instalments?**

The CFI releases instalments to the recipient institution once all finalization documents have been received 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 administrative centre 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](#)).

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

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### **6.3.5 How are instalment schedules established?**

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 received). 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 up 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.

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### **6.3.6 What are the 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.

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### **6.3.7 When will the CFI make the final instalment and how is it calculated?**

The final instalment for the holdback is made once the final financial report has been received, after the project is completed (see [Section 6.7.3](#)). A project is completed when all the infrastructure has

for projects where the CFI has contributed more than \$4 million before the final instalment can be made.

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](#)).

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## 6.4 Account Administration

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### 6.4.1 What is expected in terms of tracking of expenditures and contributions, and financial records?

The recipient institutions and 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 or in other CFI publications;
- specified in the Institutional Agreement (see [Section 6.3.1](#));
- imposed as a condition of funding in the Award Agreement (see [Section 6.3.3](#)).

They must also ensure that in-kind contributions from partners and expenditures incurred by the institution have taken place after the date of eligibility set for each fund, as outlined in [Section 3.5.3](#).

These institutions must maintain a verifiable audit trail for all transactions reported in a CFI project, including in-kind contributions. Adequate financial records and separate project accounts for each CFI project must be maintained.

The financial records must identify the various funding sources and the **full** actual cost of all eligible items in a CFI 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:

- items indicated in the Itemized List submitted upon award finalization (see [Section 6.2.2](#)), or subsequently approved by the CFI Coordinator of Institutional Relations;
- items not indicated in the Itemized List submitted upon award finalization and not subsequently approved by the CFI Coordinator of Institutional Relations, which are reported to the CFI 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 these items 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 (per the Award Agreement) of the full actual cost of eligible items. For all projects, the maximum CFI amount cannot be exceeded.

Institutions must keep all financial records and supporting documentation (see [Section 6.4.2](#)) for at least three years following the submission date of the final financial report to the CFI for the project. 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 6.10.8](#)).

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## 6.4.2 What supporting documentation must be maintained?

Institutions must be prepared to provide full supporting documentation for expenditures and contributions related to every eligible item reported in a CFI project (see [Section 6.4.1](#)). Original documents must be provided.

The required documentation includes all originating documentation, and is listed below per category.

### Expenditures

- Purchase requisition.
- Request for bids. An example of a Request for Quotation template that includes the relevant information is included in the [Finance Frequently Asked Questions](#) section of the CFI website. Please note that this is an example only. Other templates may also be acceptable.
- **All** bids received following a competitive bidding process.
- If a competitive bidding process was not undertaken, documentation of the justification for the exception. 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 or bank statement).
- For salary expenditures of individuals employed at the institution that are reported based on the employee's actual salary and fringe benefits, and actual amount of time spent:
  - Time records signed by the individual and approved by the supervisor supporting the amount of time and activities performed (e.g. timesheets). At a minimum, these should be obtained prior to the filing of a CFI financial report (usually annually). A single time record which covers the entire period since the last filing is acceptable, as are time records completed on a more frequent basis. The CFI will also accept a confirmation of this information from another person (e.g. project leader or department head) if this person is knowledgeable of the time spent and activities performed by the individual.
  - Approved supporting evidence for the individual's salary rate and fringe benefit charged (letter of hire or change in salary rate, payroll records, etc.).

Note: Other practices may also be acceptable for reporting charges related to services rendered or work performed by employees, such as the use of an internal rate, fee for

service, or fixed percentage of costs. Institutions should refer to the **Frequently asked Questions** in the Finance section of the CFI website for guidance on acceptable practices for reporting these costs, as well as the required documentation.

- For construction/renovation, scaled floor plans showing location of the area funded by the CFI, size (in square feet or square meters), description and nature (wet lab, dry lab, office, green house, etc.) of all such areas 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 wish to refer to the **Frequently Asked Questions** in the Finance section of the CFI website for examples of acceptable cost allocation methods;
  - Confirmation from the architect of the actual gross and net floor areas for the entire undertaking;\*
  - Confirmation from the architect of the actual net area of the CFI-funded space, with reference to attached floor plans identifying the CFI-funded space.\*

\*Required by the CFI for all construction/renovation projects completed after November 1, 2005.

## Contributions

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

## Other

- For Leaders Opportunity, 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 6.10.8**). For items involving in-kind contributions, see **Section 6.5** as additional documentation requirements may also apply.

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## 6.4.3 How should foreign currency transactions be reported?

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 which might result from this point on 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.

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## 6.5 Assessing the Value of Items Involving In-Kind Contributions

The CFI wishes to ensure that the value of items involving in-kind contributions is assessed fairly and equitably. Institutions are expected to comply with the requirements described in this section for all items involving in-kind contributions and which are physically received on or after September 1, 2005, even if these items are part of previously approved projects.

For items received prior to September 1, 2005, or for items where a purchase order is already in place prior to this date, institutions can use the guidelines previously published. However, an appraisal may be required by the CFI.

To obtain the guidelines that were in effect prior to September 1, 2005, please click here -  [Download Archived Section 7.5.](#)

To obtain the guidelines that were in effect prior to November 1, 2002, please click here -  [Download Archived Section 2.7.](#)

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.

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### 6.5.1 Definitions

The following definitions apply in this section:

#### Fair Market Value

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

For example:

List price	\$500
Less: Normal discount (if any)	(\$20)
Less: Educational discount (if any)	(\$80)
Fair market value (also Eligible cost)	\$400

#### Normal discount

The discount that would normally be offered to the institution, taking into consideration factors such as its current volume of transactions and its location. Discounts for early settlement or for settlement in cash are considered normal discounts.

#### **Educational discount**

The price discount that would normally be offered to the institution given its educational status.

#### **Special discount**

Discount in excess of the normal and educational discounts normally offered to the institution, and which is specifically offered as a contribution towards a CFI project.

#### **Net Selling Price**

Cash consideration paid or payable by the institution (i.e. fair market value less special discount).

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### **6.5.2 How should an item involving an in-kind contribution be reported to the CFI?**

The value of an item involving an in-kind contribution, as determined in Section 6.5.5, can be reported as an eligible cost in a CFI project.

Associated sources of funding for this item will usually consist of cash and/or an in-kind contribution. It is important to note that only a special discount in excess of the normal and educational discounts constitutes an eligible in-kind contribution that can be reported to the CFI. The eligible in-kind contribution is calculated by subtracting the net selling price from the value of the item, as determined in Section 6.5.5.

For example:

<u>Eligible cost:</u>	
Value of the item, as determined per Section 6.5.5	\$400
<u>Eligible in-kind contribution</u>	
Value of the item, as determined per Section 6.5.5	\$400
Less: Net selling price*	<u>(\$300)</u>
Eligible In-kind contribution	<u>\$100</u>
*Nil in the case of wholly donated items.	

Taxes associated with the cash portion of an item which involves 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 which constitutes an in-kind contribution.

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### **6.5.3 What are the 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 where the in-kind contribution 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 where the in-kind contribution 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, then 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, then 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, then the sum of all items should be used in the definition of the category.

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## **6.5.4 Are there 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 6.5.5.

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 a category 2 item is thought to be from a sole source, this status must be confirmed via 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 as 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 as to 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.

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## 6.5.5 How should items involving in-kind contributions be valued and what documentation is required?

The valuation method depends on the nature of the item, while the documentation required depends on the size of the related in-kind contribution. In some cases, the value of the item is known. In other cases, the value must be assessed using commonly accepted methods. In all cases, a description of the valuation method used must be provided to the CFI at the time of finalization of the award. All relevant supporting documents must be retained on file at the institution for audit purposes, and provided to the CFI upon request. The CFI does not require copies to be sent at any time. The following table describes how certain items involving in-kind contributions should be valued and what documentation is required at the institution. For items not included in the table, please contact the CFI.

Valuation of Items Involving In-Kind Contributions		
Nature	Acceptable Valuation Practices	Documentation Required at the Institution
Equipment, warranties, components, software licenses and upgrades.	<p>If item regularly sold to other customers (i.e. not one-of-a-kind), and more than one supplier is willing to provide the item;</p> <p>OR</p> <p>If item is not regularly sold to other customers (i.e. one-of-a-kind) but more than one supplier is willing to provide the item:</p> <p>Fair market value of the item upon transfer of ownership to the institution, as defined in Section 6.5.1.</p>	<p><b>Category 1:</b> Written confirmation from the supplier of the list price, the normal and educational discounts (if any), the special 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 Section 6.5.7);</p> <p><b>OR</b> 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 Section 6.5.8).</p> <p>*If sole source, please see "sole source" sections below.</p>
	<p>If sole source and item is regularly sold to other customers (i.e. not one-of-a-kind):</p> <p>Fair market value of the item upon transfer of ownership to the institution, as defined in Section 6.5.1.</p>	<p><b>Category 1:</b> Written confirmation from the supplier of the list price, the normal and educational discounts (if any), the special 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><b>OR</b> in the event that such a process is not possible at the outset, or if the item involves an</p>

		<p>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 Section 6.5.8).</p> <p>Note: 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 Section 6.5.4).</p>
	<p>If sole source and item is not regularly sold to other customers (i.e. one-of-a-kind):</p> <p>Supplier's incremental manufacturing cost (excluding general R&amp;D costs);</p> <p><b>OR,</b></p> <p>Fair market value of the item upon transfer of ownership to the institution, as defined in section 6.5.1</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><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><b>OR</b></p> <p>in the event that such a process is not possible at 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 Section 6.5.8).</p> <p>Note: 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 Section 6.5.4).</p>
	<p>If used item from contributor who is not in the business of selling the item:</p> <p>The initial cost of the item less maximum capital cost allowance prescribed by the Income Tax Act;</p>	<p><b>Category 1:</b> Written confirmation from the contributor supporting the initial cost and age 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 initial cost and age of the item to allow the institution to calculate the maximum capital cost allowance and the</p>

	<p><b>OR</b></p> <p>Fair market value of the item upon transfer of ownership to the institution, as defined in section 6.5.1;</p> <p>Note: If used item is donated by supplier who is in the business of selling the item, same guidelines as indicated in previous sections apply.</p>	<p>current value of the item;</p> <p><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 Section 6.5.8).</p>
	<p><b>If long-term loan/lease:</b></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 Section 6.5.8).</p>
External Professional services	<p>Fair market value 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 represents 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>
Datasets	<p>Price of dataset charged to a third party plus incremental costs to customize.</p> <p>If not otherwise sold to third parties, incremental cost 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>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>
Travel	<p>Travel costs (economy) incurred by a supplier that</p>	<p>Written confirmation from the supplier of the amount paid and donated to the project.</p>

	are donated to a particular project.	
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## 6.5.6 What are examples of acceptable written confirmations from the supplier?

Examples of acceptable written confirmations from the supplier would 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 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 provided in 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 template that includes the relevant information is included in the [Finance Frequently Asked Questions and Answers](#) section of the CFI website. Please note that this template is an example only. Other templates may also be acceptable.

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## 6.5.7 Why is the comparison of the fair market value for Category 2 items required and how should it be performed?

The CFI does not prescribe how the purchasing decision 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 6.5.5), 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, to support the reasonableness of the fair market value reported by the institution to the CFI for the item purchased.

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. In such cases, the CFI expects that institutions will review if the higher value is justified and reasonable and make adjustments if necessary. An analysis should be kept on file supporting the institution's conclusion. The analysis should highlight the differences between the item purchased and the ones offered by other suppliers, and 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 an adequate assessment of the reasonability 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 6.5.2).

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 fair market value of an item may later be deemed incorrectly valued.

Examples of acceptable analyses are included in the [Finance Frequently Asked Questions and Answers](#) section of the CFI website.

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## 6.5.8 When is an appraisal required and who will pay for the appraisal?

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 6.5.5). **Appraisals are not required at the time of application.** 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 equipment or eligible item to the institution.

The CFI will coordinate all appraisals related to category 2 items, select the appraisers who will perform the evaluation, and will 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 that the institution did not follow this process as prescribed in Section 6.5.5, then the institution will have to pay for the appraisal.

Institutions are required to contact the CFI if they believe an appraisal is needed.

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## 6.6 Changes to Infrastructure Projects Once the Award Agreement is in Place

The guidelines outlined in this section apply to changes taking effect after the Award Agreement is in place (see [Section 6.3.3](#)) and to changes which have taken place after August 1, 2002. Institutions must keep proper documentation of all changes for audit purposes.

In this section, **total eligible costs** means the total eligible costs amount agreed to in the Award Agreement.

To obtain the guidelines that were in effect prior to August 1, 2002, please click here - [Download Section 4.10](#).

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### 6.6.1 How must CFI funds be used and what are institutions expected to do if they foresee changes in their project?

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 notify the CFI Coordinator of Institutional Relations immediately 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.
- In the case of Leaders Opportunity, New Opportunities, or Canada Research Chairs Infrastructure awards for multiple candidates, there will be a change in status of any of the candidates.
- There will be a significant variance in cash flow projections (see [Section 6.6.2](#)).

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

- There will be a significant variance in project costs or a significant change in the nature of 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 variance 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 be sent to the CFI Coordinator of Institutional Relations, and should include an explanation for the change, showing that it is essential to the project as originally approved 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 change that is requested.

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### **6.6.2 What constitutes a significant variance in cash flow projections?**

A significant variance in projected cash flows means that the timing of actual expenditures from one fiscal year to the other over the course of a project deviates from the forecasted disbursements indicated 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 lower than \$100,000 do not need to be reported.

Timely notification of these significant changes is important as it allows the CFI to monitor the progress of each project and to adjust instalment schedules, if required.

Notification of a significant variance in projected cash flows must be submitted either by the President/CEO of the institution or designated representative (per the Institutional Agreement), the Account Administrator, or the CFI Liaison. This notification 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 so that CFI instalments can be revised appropriately.

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### **6.6.3 What constitutes a significant variance in project costs or a significant change in the nature of the infrastructure?**

Institutions must use judgment when establishing whether a variance is significant or not. Variances

these thresholds serve as guidance only, and should not necessarily prevail over the careful use of judgment. Institutions should obtain approval for any change having a significant impact on a project and its research objectives, regardless of the cost implications.

The CFI reserves the right to question any variance and make the final determination of eligibility for all items which have changed after award finalization. All costs reported to the CFI must be eligible and the items must relate directly to the project.

In this section, an **item** refers to an individual line on the Itemized List submitted to the CFI upon award finalization (see **Section 6.2**). 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.

The CFI considers that there is a significant variance in project costs when the sum of the individual variances of each item (i.e. calculated as the actual cost minus the estimated cost presented in the Itemized List) exceeds 10% of the total eligible costs for the project, or \$200,000, whichever amount is lower.

For multi-institutional projects, each participating institution should apply the guidelines in relation to its portion of the project, that is, the items it will be developing or purchasing. The CFI considers in these instances that there is a significant variance in project costs for a participating institution when the **sum** of the individual variances for each item (i.e. calculated as the actual cost minus the estimated cost presented in the Itemized List) exceeds 10 percent of the total eligible costs indicated in the Itemized List for its portion of the project, or \$200,000, whichever amount is lower.

When performing an analysis of the variances within a project, it is acceptable to consider items which lead to an additional use of funds and the ones which generate savings separately. This will prevent change amounts to be included twice in the analysis. For example, if savings generated on several items in a project total \$10,000, and these savings are used to cover the cost of new items as well as cost overruns of other items totaling \$10,000, the CFI considers this to be a \$10,000 variance. If the total savings and total additional use of funds for a project differ, resulting in a net change to the total project cost, the greater of the two amounts must be used.

When one or more items replace one or more items from the Itemized List with similar functionalities, the net difference can be used in the analysis. However, if the replacement item involves a significant increase or loss in functionality, then the deleted item(s) and the new item(s) must be considered separately in the analysis.

Unless otherwise indicated by the CFI Coordinator of Institutional Relations, variances which have been previously approved by the CFI are to be excluded from the analysis.

Requests for CFI approval of changes in the cost of an item or in the nature of the infrastructure must be made by the President/CEO of the institution or designated representative (as per the Institutional Agreement).

An example of an acceptable analysis of variances in project costs and the nature of the infrastructure is included in the **Finance Frequently Asked Questions** section of the CFI website.

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#### **6.6.4 What constitutes a significant change in the nature and amount of space constructed/renovated?**

and nature of the space constructed/renovated and the initial plan presented to the CFI in the application, or as subsequently presented and approved by the CFI upon award finalization. Approval must be obtained in these instances even if these changes result in little or no impact on the total construction/renovation cost.

The CFI considers that there is a significant change if:

- the difference (either increase or decrease) in the total amount of space constructed/renovated is more than 10 percent, or if;
- the cumulative amount of space for which there has been a change in nature is in excess of 10 percent of the total amount of space constructed/renovated identified at the award finalization stage.

Changes in construction and renovation costs are subject to the guidelines of [Section 6.6.3](#). However, for all applications submitted after November 1, 2002, the transfer of funds from other budget items into construction costs will not be allowed after award finalization unless the amount transferred is not considered to be significant under the terms of [Section 6.6.3](#).

Requests for CFI approval of changes in the nature and amount of space constructed/renovated must be made by the President/CEO of the institution or designated representative (as per the Institutional Agreement).

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## **6.6.5 What constitutes a significant variance in the end date of the project?**

A significant variance in the end date of the project means that the actual end date of the project will deviate by more than six months from the anticipated end date indicated in the Award Agreement, or as subsequently approved by the CFI Coordinator of Institutional Relations.

The actual end date of a project is the date at which all the infrastructure has been acquired or developed and is operational, and all costs have been incurred. Expenditures are considered incurred when goods are received, services have been rendered or work has been performed.

The project end date 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](#)).

Requests for CFI approval of changes in the end date of a project must be made either by the President/CEO of the institution or designated representative (as per the Institutional Agreement), the Account Administrator, or the CFI Liaison.

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## **6.6.6 What happens if the cost of warranties or service contract decreases?**

For all applications 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 the CFI's agreed upon share of the cost reduction.

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## **6.6.7 What happens if final total actual eligible costs differ from those**

## listed in the Award Agreement?

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 to the project as long as the cumulative variances in the project do not exceed the significance threshold indicated in [sections 6.6.3](#) and [6.6.4](#).

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 in in-kind contributions only. Contact your CFI Coordinator of Institutional Relations if such a situation arises.

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

Institutions must report in their financial reports the various funding sources and the full actual cost of all eligible items in a CFI 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 (see [Section 6.4.1](#)).

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## 6.6.8 What procedures should be followed to terminate a project?

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 negotiated on a case-by-case basis.

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## 6.7 Financial Reporting

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### 6.7.1 When must financial reports be submitted?

Until a project is completed, institutions are required to submit an annual financial report by June 15 (cumulative results as of the previous March 31) for all projects which received CFI funds prior to April 1 of any given year. An annual financial report does not need to be submitted by June 15 if the institution plans to submit a final financial report by September 30 of that year. The CFI may request in some instances that quarterly or bi-annual financial reports be submitted for certain projects. The financial report must be submitted electronically.

For projects with a CFI contribution of \$200,000 or less, the CFI may permit institutions to submit a financial report once every two years instead of annually. Institutions requesting exemptions from the annual submission of financial reports must do so once a year prior to June 15. Exemptions apply only to the 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 (or request for last instalment) is due within six months of the actual end date of the project (see [Section 6.6.5](#)).

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## 6.7.2 What information must an institution provide in the 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 matching funds have been received and spent (or will be received during the forecast period).

Any approval by the CFI of significant variances following award finalization should be noted, accompanied by an explanation, and referenced to the approval (see [Section 6.6](#)).

Institutions must disclose in their financial reports the various funding sources and the **full** actual cost of all eligible items in a CFI 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 (see [Section 6.4.1](#)).

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## 6.7.3 How is the request for final instalment made?

To request the final instalment for a given project, institutions should use the financial report form. However, it should be labeled 'Final 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);
- matching funds have been received and spent;
- the CFI's contribution does not exceed the agreed CFI share of eligible costs, or the maximum CFI amount, whichever is lower.

Institutions are required to send a signed copy of the final financial report to the CFI for each project. Final financial reports must be signed by the Account Administrator and the President, or designated representative (as per the Institutional Agreement).

For more information on financial reports, please consult the [Financial Report Instructions Manual](#).

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## 6.8 Annual Progress and Impact Reports

The CFI is publicly accountable for its investments in research infrastructure, and as such it must demonstrate the outcomes and impacts of its activities. Therefore it requires that recipient institutions, in addition to providing financial reports, also provide information that indicates how funding provided by the CFI is enhancing Canada's capacity for innovation.

By June 15 of each year, institutions are required to complete and submit electronically Project Report Forms and an Institutional Report. The forms can be accessed by institutions and project leaders via the CFI website. Project Report Forms are required for every project for five years following the finalization of the award.

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### **6.8.1 What information is provided in a Project Report Forms and the Institutional Report?**

These reports provide information on the use of the project's infrastructure; the attraction and retention of researchers; training of highly qualified personnel; quality, productivity and nature of research activities; and social, environmental, or economic benefits.

An Institutional Report addresses the impact of CFI investments on an institution's ability to implement the institution's strategic research plans in areas such as building capacity, promoting partnerships, and generating benefits for Canada.

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### **6.8.2 How is the information used?**

The information provided in Project Report Forms is analyzed and presented as a publicly available report, posted each fall on the CFI's website. Likewise, **Institutional Reports** are posted each fall on the CFI's Web site.

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## **6.9 Monitoring and Auditing Activities**

The CFI conducts periodic financial review 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 acceptable costs and fair value, to disallow expenditures, and reduce the CFI Award. To avoid a situation where costs may later be deemed ineligible or unfairly 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.

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### **6.9.1 What is the purpose of financial reviews?**

The CFI periodically conducts financial reviews at institutions to provide and obtain information on the administration of CFI funds, and to monitor a sample of project accounts. These reviews focus on assessing the adequacy and effectiveness of the policies, controls, and systems that the institution has put in place to manage CFI funds. This also provides an opportunity to share information on CFI guidelines and expectations for financial accountability.

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.

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### **6.9.2 What projects are audited?**

The CFI reserves the right to review and audit any CFI-funded project. The CFI will perform an audit of all projects for which the CFI has contributed an amount in excess of \$4 million. Also, for all other projects, a representative sample of projects is audited every year. 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 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 indicated dates, or cooperated with the auditors by providing them with the required information on a timely basis, the CFI may request that the additional costs incurred as a result of these inefficiencies be assumed by the institution.

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## **6.10 Release of Infrastructure Operating Funds (IOF)**

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### **6.10.1 What steps must an institution take prior to requesting the release of IOFs?**

Prior to requesting the release of IOFs, institutions must first submit an Institutional Allocation Plan, which describes the allocation process, including the guiding principles, decision-making, and approval processes. The CFI assumes that this document will be made available within the institution. This document is available on the CFI website. It must only be completed once and a signed copy sent to the CFI. The CFI will review it to ensure that it is consistent with the objectives and policies of the fund. Institutions must notify the CFI of any changes to the plan previously submitted.

Once the Institutional Allocation Plan is approved, the CFI will prepare an IOF Award Agreement between the recipient institution and the CFI. This agreement will highlight how the overall funding will be determined, how installments will be established each year, the reporting requirements, and the general terms and conditions of the funding. Institutions are required to sign the agreement and return it to the CFI prior to submitting the first annual request for release of IOFs.

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### **6.10.2 When can an institution request IOFs related to an infrastructure project?**

An institution cannot request and/or include in its annual report IOF expenditures related to an infrastructure project before the infrastructure project has passed the stage of award finalization (i.e. an award agreement is in place for the infrastructure project). Furthermore, 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.

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### **6.10.3 What documents must be provided to request the release of IOFs?**

An annual request for the release of IOFs must be completed in accordance with the Institutional Allocation Plan and submitted online by the Account Administrator by June 15, along with the annual report on actual expenditures. Only one request per year can be submitted. A copy of these documents, signed by the Account Administrator and the President (or designated representative, as per the Institutional Agreement) must also be sent to the CFI. Once validated and approved by the CFI, the annual request becomes an integral part of the IOF Award Agreement.

Institutions are responsible for deciding on the allocation of the funds among some or all of its projects admissible under the IOF. Cumulative requests cannot exceed the institution's available allocation at any given time.

The annual request must include forecasted expenditures for the upcoming fiscal year, and be accompanied by the annual report on actual expenditures for the previous fiscal year. Institutions must provide a **summary** of forecasted expenditures by type of expenditures, as well as a **summary** by type of fund for the related infrastructure projects. A timeline for forecasted disbursements must also be provided, along with a list of the related infrastructure projects.

Expenditures incurred in the previous fiscal period cannot be included in the annual request. However, these can be included in the annual report on actual expenditures for the period in which the costs were incurred, even if they were not included in the initial budget (See section 6.10.6).

The CFI expects institutions to take the necessary measures to ensure forecasts presented are realistic and take into consideration the most recent information at the time of submission of the annual request.

If funds requested are related to infrastructure projects involving two or more eligible institutions, the institution acting as the administrative centre for the infrastructure project must submit the annual request on behalf of all institutions. The Inter-Institutional Agreement should state how IOFs will be shared between institutions.

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

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#### **6.10.4 What reporting requirements apply to the IOF?**

Institutions must use the funds provided under the IOF for the purposes for which they were awarded (in accordance with the CFI Policy and Program Guide and the IOF Award Agreement).

An annual report on actual expenditures must be completed online and submitted electronically by the Account Administrator by June 15, along with the annual request for the release of IOFs. A copy of these documents, signed by the Account Administrator and the President (or designated representative, as per the Institutional Agreement), must also be sent to the CFI.

The annual report on actual expenditures must report on expenditures incurred for the previous April 1 to March 31 period, including the total outstanding commitments. Outstanding commitments are allowed only in cases where the expenditure has been incurred (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. If they have been, they are not admissible under the IOF.

In this annual report, institutions must provide a **summary** of actual expenditures by type of expenditure and by type of fund for the related infrastructure projects for the previous fiscal year. Institutions are also required to list the related infrastructure projects for which actual expenditures were incurred and reported.

For IOFs which are related to infrastructure projects involving two or more eligible institutions, the institution acting as the administrative centre for the infrastructure project must report the actual expenditures from all institutions.

Institutions are also required to comment on the use and impact of their IOFs in their progress reports for infrastructure projects.

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### **6.10.5 What if actual expenditures differ from the initial forecast?**

It is reasonable to expect that some actual expenditures will differ from the initial forecast. If the total actual expenditures for each expenditure type deviates by more than 25 percent from the total initial forecast, institutions are required to provide an explanation in their annual report on expenditures.

Prior approval from the CFI for deviations is not required. The CFI will not disallow expenditures if they meet the **eligibility criteria for the IOF**, if they are related to an admissible infrastructure project, if they were incurred in the indicated reporting period, and if there are sufficient funds available in the institution's allocation. However, if several significant deviations are frequently reported, the CFI may carry out a review of the institution's processes for managing IOFs, including processes for establishing reliable forecasts.

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### **6.10.6 Can I obtain funding for actual expenditures not initially forecasted and included in the annual request for release of IOFs?**

The CFI will pay for actual expenditures that were not initially forecasted and included in the annual request for release of IOFs if these expenditures are reported in the annual report on actual expenditures for the period in which they were incurred, and if such an amount is still available in the institution's allocation.

Institutions must include these expenditures in their annual report on actual expenditures for the period in which they were incurred. 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 in July of the subsequent fiscal year (See section 6.10.7).

The CFI will not pay for expenditures previously incurred that were not reported in a timely manner in the annual report on actual expenditures related to the year the expenditures were incurred.

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### **6.10.7 How will the payment schedule be established every year?**

The CFI pays 100 percent of expenditures reported under the IOF, up to the amount available in the institution's available allocation. There is no holdback amount. Payment schedules are based on forecasted expenditures provided in the annual request for IOFs, and take into consideration any CFI excess payment or shortfall for the immediately preceding fiscal year, as reported in the annual report on actual expenditures. These documents must be submitted annually to the CFI by June 15.

If the annual request for the year is less than \$400,000, the CFI will make one instalment in July. If the annual request is in excess of \$400,000, the CFI will make instalments in July, October, and January.

If there is a CFI excess 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.

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## **6.10.8 What supporting documentation must be maintained?**

In order for the CFI to have an acceptable level of assurance that the institutions are using their IOFs for the purposes for which they were awarded, and in accordance with the CFI Policy and Program Guide and the IOF Award Agreement, separate accounting records must be maintained.

These records may be established as part of the general ledger accounting system, or may be maintained in other ways, such as in an Excel spreadsheet. They must include a full breakdown of the allocation of IOFs within the institution, including the total expenditures by type of expenditures, as well as the related admissible infrastructure project for each expenditure, and must reconcile to the annual report on actual expenditures. Institutions must be prepared to provide full supporting documentation for all expenses charged to their IOF Award.

The required documentation includes:

- Originating documentation (refer to section 6.4.2).
- The internal expense allocation method and rationale, for expenditures which are partly eligible and claimed under the IOF award (e.g. electricity). Documentation of approval of the allocation method and rationale by institutional authorities (e.g. minutes of meetings where approved or signed authorization document) must be maintained.
- Indication of the related infrastructure project(s) either on the supporting document or in the accounting records to support the fact that the expenditure is directly related to an infrastructure project which is admissible under the IOF.
- A confirmation obtained by the institution from the project leaders (at a minimum annually) that the infrastructure for which IOFs are being claimed is still used for research purposes. These confirmations must be kept on file and provided to the CFI upon request only. Institutions are requested to certify that these confirmations have been obtained in their annual report on expenditures.

All supporting documents must be maintained for a minimum period of five years following the submission of the annual report on expenditures.

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## **6.10.9 How are multi-institutional projects dealt with in the IOF?**

When two or more institutions are involved in a project, the Inter-Institutional Agreement must address the plans to manage any associated operating funds. Funds will be released to the administrative centre.

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## **6.10.10 What monitoring and auditing activities apply to the IOF?**

The CFI reserves the right to review and audit expenditures claimed under the IOF. 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 records and other information related to the award (including funds transferred to other eligible institutions).

If the administrative centre has forwarded funds to another institution (e.g. an affiliated hospital or another eligible institution participating in a project), the CFI may monitor the award account at the location where the funds are 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 early in the process if they foresee problems in complying with the guidelines for IOF awards.

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## **7. Communicating Results**

In recent years, governments across the country have significantly increased research budgets, and created a number of programs and organizations aimed at strengthening Canada's capacity to innovate. As a result, universities, colleges, and other research institutions have benefited from an unprecedented surge of interest among government decision-makers, the media, and the public.

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 showcasing results. It is in this context that the CFI works with research institutions of all sizes across the country to recognize the impact of public investments. 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, the research institutions themselves are also expected to communicate the results of these investments to their researchers, partner institutions, and communities, as well as to demonstrate the benefits to Canadians.

To this end, as part of the Annual Progress Report, the CFI requires from institutions information on the communication activities undertaken in the past year (see Section 6), along with the planned activities for the coming year. Institutions are requested to provide information on media activity (e.g. news releases), publications activity (e.g. newspaper articles, web postings, or any other publications) and special events activity (e.g. official openings, funding announcements, conferences). This information assists the CFI in identifying opportunities for collaboration, and supporting institutions in their efforts to showcase the importance and benefits of research.

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### **7.1 Submitting Communication Plans**

The CFI has implemented a strategy that allows institutions to work within their own framework and strategic communications priorities, while addressing the communications needs of the CFI and its key stakeholders.

Each institution is asked to submit a two- to five-page Communication Plan outlining their approach, target audiences, products, and activities in an effort to showcase the impacts and outcomes of the CFI's investments. This Communication Plan should also include a list of contacts and a schedule of activities. Updates on communications activities are provided through the Annual Progress Report.

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### **7.2 Announcing Funding Decisions**

The CFI makes a national funding announcement following 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, we look to the institutions themselves to showcase their individual or collective awards through various communications mechanisms (e.g. media profiles, publications, awards ceremonies). Most institutions have found that hosting a special event (e.g. openings, ribbon cutting, groundbreaking, first successes) to be very successful. These events provide an opportunity for the institution, its researchers, and their partners—along with local members of parliament, the media, and the CFI—to showcase 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 communicate with the public in the language or languages applicable.

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## 7.3 Showcasing Success Stories

Through the CFI's investments, success stories are born. These stories are a way for institutions to be accountable to their funding partners, to highlight the interesting and innovative projects enabled by CFI investments, and to demonstrate the impacts and benefits of the research. These success stories are eagerly sought by various media across this country as well as internationally. The CFI has undertaken several initiatives designed to showcase success stories related to the projects funded, including:

- [InnovationCanada.ca](#) - The CFI's online magazine
- The CFI's [Annual Report](#)
- Empowering Innovation—a collaborative, 24-page advertorial insert featuring 55 institutional success stories and the participation of 20 agencies from the public, private, and voluntary sectors including NSERC, CIHR, SSHRC, Canada Research Chairs, and Genome Canada that appeared in Maclean's magazine.
- A book: Inno-va'tion: Essays by Leading Canadian Researchers
- An e-book: [Inno-v@tion2: Essays by Leading Canadian Researchers](#)

The CFI welcomes any and all suggestions for success stories to incorporate into these and other initiatives in the future.

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## Annex 1 - Guidelines for Accepting Eligible Institutions

### Universities

#### **What are the criteria for universities?**

The CFI may approve universities as eligible institutions if they can demonstrate their capability to support and conduct research.

Universities that receive less than \$500,000 of sponsored research funding per year must determine their eligibility with the CFI.

#### **How can a university determine its eligibility?**

Any university that would like to determine its eligibility must submit an official statement of policy regarding the role of research at the institution in the context of its education mandate. As well, the university must demonstrate that it meets all the following conditions to establish its eligibility:

- It is a degree granting institution (minimum Bachelor's level).
- It is a normal expectation of faculty members that they engage in research, and that the institution provides them with the time to conduct research.
- A large majority of faculty members are fully qualified to carry out independent research and have a track record in research.
- There are no institutional constraints on the publication of research results.
- The institution must be capable of providing the basic facilities and services to enable faculty members to carry out research.
- The institution must be willing and able to administer grants in a way that meets the CFI's

requirements.

The institution must also include in its request:

- a list of researchers actively involved in research;
- examples of research conducted;
- lists of publications;
- lists of grants and contracts over the last three years.

### **Colleges and Post-Secondary Educational Institutions**

#### **What are the criteria for colleges and other post-secondary educational institutions?**

The CFI may approve a college as an eligible institution if it can demonstrate its capacity to support and conduct research.

#### **How can a college determine its eligibility?**

Any college that would like to determine its eligibility must submit an official statement of policy regarding the role of research at the institution in the context of its education mandate.

To establish its eligibility, a college must meet the following conditions:

- It grants diplomas or DEC, according to the standards of the province or territory.
- It has an approved research mission and the resources to carry it out.
- The teachers proposed as principal investigators are fully qualified to carry out independent research, have a track record in research, and the institution provides them with the time to conduct research.
- There are no institutional constraints on the publication of research results.
- The institution must be capable of providing the basic facilities and services to enable teachers to carry out research.
- The institution must be willing and able to administer grants in a way that meets the CFI's requirements.

The institution must also include in its request:

- a list of researchers actively involved in research;
- examples of research conducted;
- lists of publications;
- lists of grants and contracts over the last three years.

### **Hospitals**

#### **What are the criteria for hospitals?**

The CFI may approve hospitals as eligible recipients if they can demonstrate their capacity to support and conduct research.

Hospitals that receive less than \$500,000 of sponsored research funding per year must determine their eligibility with the CFI.

#### **How can a hospital determine its eligibility?**

Any hospital that would like to determine its eligibility must submit an official statement of policy regarding the role of research and training at the institution. As well, it must demonstrate that it meets the following conditions:

- The hospital has a research and training mission and the resources to carry it out.
- The researchers proposed as principal investigators are fully qualified to carry out independent research, have a track record in research, and the institution provides them with the time to conduct research.
- There are no institutional constraints on the publication of research results.
- The institution must be capable of providing the basic facilities and services to enable researchers to carry out research.
- The institution must be willing and able to administer grants in a way that meets the CFI's requirements.

The institution must also include in its request:

- CVs of employees proposed as principal researchers;
- examples of research conducted by employees;
- lists of publications by employees;
- lists of grants and contracts paid directly to, and administered by the hospital over the last three years.

### **Not-For-Profit Research Organizations**

#### **What are the criteria for not-for-profit research organizations?**

The CFI may approve not-for-profit research organizations as eligible recipients if:

- they are not excluded recipients, as outlined in **Section 3**;
- they can demonstrate their sustained capability to support and conduct research.

#### **How can a not-for-profit research organization determine its eligibility?**

To establish its eligibility, a not-for-profit research organization must demonstrate that it is considered "not-for-profit" for income tax purposes and must meet the following conditions:

- It has a research and training mission and the resources to carry it out.
- The researchers proposed as principal investigators are fully qualified to carry out independent research, have a track record in research, and are employed by the organization to conduct research.
- The organization does not impose constraints on the publication of research results.
- The organization is capable of providing the basic facilities and services to enable researchers to carry out research.
- The organization is willing and able to administer grants in a way that meets the CFI's requirements.

A not-for-profit research organization must also include in its request:

- its incorporation documents and by-laws;
- a list of the members of the Board, including current occupations;
- examples of research conducted and a list of publications (last three years);
- a list of researchers employed by the not-for-profit research organization and their CVs (note that CVs for researchers having a full-time appointment in another organization are not acceptable);
- budgets, including annual research and research training components for the last three years;
- information on research training activities and individuals trained;
- its publication policy.