



Policy and program guide

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1. CFI OVERVIEW

Created by the Government of Canada in 1997, the CFI strives to build our nation's capacity to undertake world-class research and technology development that benefits Canadians and the global community. Thanks to CFI investments in state-of-the-art infrastructure, Canadian universities, colleges, research hospitals and non-profit research institutions are attracting and retaining the world's top research talent, training the next generation of researchers, supporting private-sector innovation and creating high-quality jobs that strengthen Canada's position in today's knowledge economy.

CFI funding enables institutions to set their own research priorities in response to areas of importance to Canada. This allows researchers to compete internationally and helps solidify Canada's position in the global knowledge-based economy. The CFI is thus well positioned to support the Government of Canada's science and technology strategy, *Mobilizing Science and Technology to Canada's Advantage*.

The CFI's national objectives are to enhance the capacity of institutions to:

- support economic growth and job creation, as well as health and environmental quality, through innovation;
- carry out important world-class scientific research and technology development;
- expand research and job opportunities by providing support through research infrastructure for the development of highly qualified personnel;
- promote productive networks and collaboration among Canadian universities, colleges, research hospitals, non-profit research institutions and the private sector.

The CFI helps Canadian institutions attract and retain the world's top research talent. The CFI also promotes the optimal use of research infrastructure within and among Canadian institutions, which creates the necessary conditions for sustainable, long-term economic growth. The innovative research that results from great minds and solid infrastructure will benefit society, economy and the environment.

CFI funding is awarded through a thorough merit-based review process that involves researchers, research administrators and private-sector administrators. These volunteers review proposals, typically in committees, and make funding recommendations to the CFI.

2. FUNDING ARCHITECTURE

The CFI's funding architecture is designed to deliver on the CFI's mandate by meeting the current needs of the research community, its partners and its stakeholders. The CFI funding architecture covers the full spectrum of infrastructure: projects to attract a leading researcher; team-led innovative projects that have a structuring effect for an institution or a region; and large-scale national projects.

Please note that only eligible institutions — and not individual researchers — may submit a proposal to the CFI. We encourage researchers to contact their institutional research office to learn more about internal application processes.

Figure 2.1 – Core programs



The complete descriptions of core programs, strategic partnerships and other programs are available in the “Our funds” section of the CFI website (www.innovation.ca/en/OurFunds).

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3.1 Eligibility guidelines

Eligible institutions are permitted to apply for, receive and administer funding from the CFI. An eligible institution is defined as:

- a university, college or research hospital that is situated in Canada and has demonstrated its capacity to support and conduct research;
- a non-profit institution that is not an agency of a federal, provincial or territorial government or a for-profit organization, that carries out its activities primarily in Canada and that has demonstrated its capacity to support and conduct research.

Every institution wishing to apply for, receive and administer CFI funding must request confirmation of eligibility from the CFI. Proposals for funding will be accepted from an institution only once its eligibility has been confirmed. An institution wishing to be recognized as eligible must provide the information requested below and submit a document which demonstrates that the eligibility conditions are satisfied.

3.1.1 Universities, colleges and research hospitals

The CFI may approve a university, college or research hospital as an eligible institution if it demonstrates all of the following:

- established research and research training mission;
- capacity to support and conduct research;
- full qualification to carry out independent research and proven track records of researchers;
- provision of sufficient time, facilities and services that enable researchers to conduct their work;
- no institutional constraints on the publication of research results;
- willingness and ability to administer CFI funding in accordance with the CFI's requirements.

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

- official statement of policy regarding the role of research and training at the institution;
- CVs of researchers;
- description of research activities;
- list of publications authored by the institution's researchers over the last three years;
- list of grants and contracts awarded to the institution and/or the institution's researchers over the last three years.

3.1.2 Non-profit research institutions

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

- non-profit status for income tax purposes;
- established research and research training mission;
- capacity to support and conduct research;
- full qualification to carry out independent research and proven track records and full-time appointment of researchers;
- provision of sufficient time, basic facilities and services that enable researchers to conduct their work;
- no institutional constraints on the publication of research results;
- willingness and ability to administer CFI funding in accordance with the CFI's requirements.

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

- statutes, incorporation documents and bylaws;
- list of the members of the Board of Directors, including the current occupation of each member;
- detailed outline of the organization's research training activities, including the education level of trained individuals (e.g. master's student, post-doctoral fellow);
- institution's publication policy;
- CVs of researchers employed by the non-profit research institution (CVs of researchers with a full-time appointment at another institution are not acceptable);
- description of research activities;
- list of publications authored by the institution's researchers over the last three years;
- institution's operating and research budgets, including annual research and research training components, for the last three years.

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

3.2 Exceptions

An institution that is affiliated, federated or closely associated with another eligible institution will not be considered eligible unless it receives its operating budget directly from a provincial or territorial government and has its own Board of Directors. If the institution does not meet these criteria, it must apply for CFI funding through the eligible institution with which it is affiliated, federated or closely associated. The eligible institution can then receive and administer the funding.

3.3 Exclusions

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

- for-profit organizations and agencies of for-profit entities;
- federal departments, departmental corporations, Crown corporations or wholly owned subsidiaries of Crown corporations;
- provincial or territorial departments, agencies or Crown corporations (except for universities, colleges and research hospitals);
- non-profit corporations that have been established by any of the above.

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To support its mandate of increasing the capacity of Canadian researchers to undertake world-class research and technology development, the CFI provides funding to acquire research infrastructure. In doing so, it encourages the institution and researchers to work collaboratively with academic, public and private-sector partners in developing projects and carrying out world-class research enabled by the infrastructure. These research partners are typically collaborators in the research and technology development activities enabled by CFI-funded infrastructure, or are interested in using and exploiting the results of those activities.

The CFI usually provides funding up to a maximum of 40 percent of the total eligible costs of the infrastructure projects it supports. The remainder must be provided by the institution or other eligible partners. In many cases, these funding partners have no direct involvement in the research and technology development activities (e.g. provincial governments, suppliers), but in many other cases, these funding partners also have a direct interest or involvement in research and technology development activities (e.g. vendors of specialized instruments who are seeking technological improvements, non-governmental organizations who will use the research results to improve public policies). While there is no requirement for matching funds to be provided by a particular type of eligible partner, the CFI encourages the institution to seek both types of partners. The CFI encourages the institution to show its full contribution to an infrastructure project as well as the ones made by eligible partners.

4.1 Eligible infrastructure projects

An eligible infrastructure project involves the acquisition or development of research infrastructure to increase research capacity, allowing the pursuit of world-class research. The infrastructure will serve researchers and promote productive networks and collaboration among Canadian academic, public and private sectors.

4.2 Infrastructure use

The eligible recipient, defined as the eligible institution that receives and administers CFI funding as part of a proposal for an infrastructure project, is responsible for ensuring that the research infrastructure is available to the research team, as identified in the proposal, to pursue the research objectives. To maximize the impact of the research infrastructure, the eligible recipient is responsible for ensuring that the infrastructure is installed in a timely fashion and remains operational over its useful life.

The eligible recipient is strongly encouraged to leverage the availability of the infrastructure to develop collaborations with partners from academic, public and private sectors. For example, the institution is encouraged to make the infrastructure available to other users, including those from other sectors, when the infrastructure provide capacity over and above what is required for pursuing the research objectives. In particular, in the interest of allowing institutions to support private-sector innovation and commercialization, the recipient institution is encouraged to provide access to the research infrastructure to users from the private sector, where appropriate.

4.3 Infrastructure location

The infrastructure should be located optimally to facilitate the realization of the research objectives. Consequently, the research infrastructure can be located outside the eligible institution — including on premises owned by public or private-sector partners, in Canada or abroad — if the proposed location benefits the research objectives. In cases where the research infrastructure is to be housed outside the eligible institution, the recipient institution should seek pre-approval from the CFI.

4.4 Infrastructure control

The eligible recipient, either alone or as a member of a group composed of a majority of eligible institutions, will:

- operate and use the research infrastructure;
- exercise de facto control over the research infrastructure, including assuming responsibility for its access and for the associated scientific programming;
- where appropriate, hold a majority interest in the research infrastructure;
- assume responsibility for insuring all CFI-funded research infrastructure, including powered vehicles.

These responsibilities hold over the useful life of the research infrastructure and for a minimum of five years. The useful life of the research infrastructure is considered to be the period of time over which the infrastructure is expected to provide benefits and be usable for its intended purpose, factoring in normal repairs and maintenance. With pre-approval from the CFI, the eligible recipient may transfer de facto control of the research infrastructure to another eligible institution.

4.5 Intellectual property ownership

The CFI encourages the use of research results and technologies developed for the benefit of Canadians. In particular, it encourages the development of productive partnerships with academic, public and private-sector organizations, as these are among the most effective means of knowledge transfer and translation. 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 the exploitation rights of each partner in accordance with its institutional policies.

4.6 Eligible costs for infrastructure projects

Eligible costs are defined as the costs of acquiring or developing research infrastructure. The institution must report the full cost of each item. The taxes net of credits received may be included. Taxes must not be calculated on an in-kind portion. At the application and award finalization stages, the expected cost at the anticipated acquisition date should be reported (i.e. consider expected price fluctuations). Examples of eligible and non-eligible costs are provided below. Additional details of costs relating to personnel, construction or renovation and databases are provided in the following sections. Eligible costs associated with a specific competition are detailed in the relevant program description in the “Our funds” section of the CFI website (www.innovation.ca/en/OurFunds). If a particular item is not clearly defined as eligible or non-eligible, the CFI will consider the request on a case-by-case basis.

Eligible costs

- Research equipment and components
- Shipping, transportation and installation of research infrastructure, including brokerage fees, excise taxes and duties
- Warranty and/or service contract purchased at the same time as the research infrastructure
- Software licences
- Laboratory furniture
- Communications infrastructure essential for the research activities described in the proposal
- Travel to a manufacturer, dealer or supplier to select research infrastructure

- Initial training for the main operator(s) of the research infrastructure. It is expected that the main operator(s) will train other users. Alternatively, an initial group training session may be provided by the vendor at the institution.
- Professional, technical and managerial personnel, consultants and contractors directly involved in the design, engineering, manufacturing, installation, construction or renovation of the infrastructure
- Construction or renovation of space essential for housing and effectively using the infrastructure requested in the proposal
- 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

Non-eligible costs

- Purchase or lease of real property
- Infrastructure primarily used for teaching and/or clinical care. When infrastructure is dual purpose (e.g. research and clinical use), costs must be pro-rated accordingly.
- Office furniture and supplies
- Internal fees for the use of infrastructure owned by the institution (e.g. lease of server space)
- Operating costs related to the general maintenance and overhead of the research infrastructure and of the building or other facilities in which the research infrastructure is situated
- Supplies and consumables
- Trainee stipends (undergraduates, graduates and post-doctoral fellows) and researcher salaries
- Research-related costs (e.g. primary data collection, recruitment initiatives, publication fees)
- Conference travel
- Administrative costs not specifically listed as eligible costs

4.6.1 Personnel

The costs of retaining professional, technical and managerial personnel, consultants and contractors directly involved in the design, engineering, manufacturing, installation, construction or renovation of the infrastructure are eligible. If an institution retains the services of an external provider, the full cost of that provider is considered eligible, assuming it is related to eligible activities. Alternatively, an institution may have professionals, technicians, managers and consultants on staff to perform eligible activities.

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

1. The actual salary cost of the individual plus fringe benefits, multiplied by the actual time;
2. An internal rate reflecting an average salary cost plus associated fringe benefits, multiplied by the actual time;
3. An internal rate reflecting an average salary cost plus associated fringe benefits plus overhead component, multiplied by the actual time;¹
4. An approved internal fee for service, which may include an overhead component;¹
5. In the case of architectural and/or engineering and/or project management costs related to construction or renovation projects, a fixed percentage of total construction or renovation costs. The percentage may include an overhead component.¹

The CFI always accepts the first two practices. If an institution does not recuperate more than the full costs of a department associated with providing the services through the use of an internal rate, fee or fixed percentage and if the costs of a department that are recovered from the CFI are not claimed for reimbursement from another source, the CFI will accept the remaining practices if:

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

If one of these conditions is not met, then the first two practices must be used.

4.6.2 Construction and renovation

Infrastructure projects may involve the construction of a new building or the development of new space in an existing building (e.g. new floors, reconfiguration of existing space) only when new space is essential to house and use the eligible infrastructure requested in the proposal. Instalments for the equipment to be located in the constructed or renovated space will be paid only once the space is ready to house

¹ The service departments following this practice usually operate on a full cost recovery basis.

the equipment. Where there is an option to either renovate an existing building or construct a new building, the most cost-effective option must be chosen.

Eligible costs

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

Expected price fluctuations from the time of the application to the start of construction should be included in direct and soft costs (i.e. not part of the contingency costs).

Non-eligible costs

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

Requirements at the application stage

When a proposal is submitted, an infrastructure project that includes construction or renovation must be developed well beyond the conceptual stage. The CFI expects the institution to have defined the needs for the building, explored and decided upon the

most feasible option and determined reliable estimates of the construction or renovation costs (e.g. estimates by a quantity surveyor or contractor, use of industry standards, recent experience with a similar construction or renovation).

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

For all construction or renovation projects, the institution must provide:

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

4.6.3 Databases and digital libraries

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

Eligible costs

- Computers, communications hardware and software
- Purchase of existing datasets or digital collections
- Technical or professional work required for the time-limited design and development of a database to the point that it is ready for use by a designated research community, including:
 - data cleaning (i.e. verification, editing), coding, format conversion, data entry and data transfer;
 - design, development, beta testing, piloting, commissioning and integration of the database;

- merge and organization of existing data that are not already in usable reference units;
- customization of tools to enhance value for the user (e.g. intelligent search).
- Development of user guides
- Construction or renovation of a facility to house and use the database

Non-eligible costs

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

4.6.4 High performance computing

The CFI expects high performance computing (HPC) infrastructure to be housed and managed by [Compute Canada](#). Therefore, an institution wishing to request HPC infrastructure must develop its proposal in collaboration with Compute Canada. For the purposes of these guidelines, HPC infrastructure encompasses any computing system with capabilities larger or more powerful than those typically available in a standard desktop system. Such HPC infrastructure normally includes systems or resources such as the following:

- Capacity or throughput computing
- Capability computing supporting tightly coupled, fine-grained applications
- Shared memory systems
- Systems supporting very large memory requirements
- High performance storage

- Long-term storage
- Cloud computing
- Computing using specialized accelerators including GP-CPU and others
- High performance visualization systems
- Systems suitable for computational steering and interactive use

Typically, such systems cost more than \$50,000. In each case, the term HPC encompasses both the software and environment needed for a given discipline to effectively utilize these types of infrastructure and needs such as high levels of data security and integrity as may be required by specific disciplines or researchers.

4.7 Eligible costs for Infrastructure Operating Fund

Under the Infrastructure Operating Fund (IOF), the costs of operating and maintaining CFI-funded infrastructure are eligible. Unlike the majority of CFI's programs, no partner funding is required. An eligible operating and maintenance cost for the IOF must meet the following conditions:

- the infrastructure item to which it relates must have been funded by the CFI (i.e. it appears on the proposal or updated budget and/or the final financial report);
- the CFI-funded infrastructure project to which it relates must have been approved after July 1, 2001. However, projects funded under the Canada Research Chairs Infrastructure Fund and the international funds are not eligible for IOF;
- the CFI-funded infrastructure project to which it relates must have passed the stage of award finalization. An *Award agreement* is thus in place for the project;
- the operating and maintenance activities are needed to ensure the infrastructure can be used to carry out the proposed research;
- the infrastructure must still be used for research purposes. There is no maximum number of years for which the IOF can be claimed, as long as the infrastructure is still being used for research purposes during the period claimed.

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

Eligible costs

- Salaries (including benefits) of highly qualified personnel (technicians or professionals) directly involved in the operation and maintenance of the CFI-funded infrastructure. The full salary of the highly qualified personnel may be eligible if the infrastructure cannot be operated without their assistance.
- Training for the main operator(s) of the research infrastructure, not included in the infrastructure award. It is expected that the main operator(s) will train other users. Alternatively, a group training session may be provided by the vendor at the institution.

- Extended warranties and/or service contracts not included in the infrastructure award
- Extensions to warranty coverage and software licences
- Maintenance and repairs
- Replacement parts
- Replacement of a CFI-funded infrastructure item needing repair, only if the replacement is more cost-effective than the repair (the replacement item must have similar functionality)
- Services (e.g. electricity, security, cleaning) that directly support the CFI-funded equipment or CFI-funded constructed or renovated space (only the portion attributable to the CFI-funded infrastructure is eligible)
- Supplies and consumables needed to operate the research infrastructure (not to exceed 10 percent of the cumulative total IOF claimed by the institution)

Non-eligible costs

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

4.8 Eligible partner contributions

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

Eligible partners (Canadian or foreign)

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

Non-eligible partners

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

The CFI will, however, allow the cost of eligible items to be covered in part by these non-eligible partners provided that this portion is not used to leverage CFI funds. Consequently, the CFI contribution will be based on the total cost of eligible items less the funding received from the non-eligible partner.

For example:

Full cost of eligible item	\$200,000
NSERC contribution to the purchase of eligible item	(\$40,000)
Portion of cost for which CFI funding will be calculated	<u>\$160,000</u>
Maximum CFI funding (40%)	(\$64,000)
Eligible partner contributions	<u>\$96,000</u>

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

All partner contributions must be secured within nine months following a CFI decision. At the application stage, the institution must provide a persuasive plan for securing the funds within this time frame. A funding request to a provincial program constitutes a persuasive plan, but an application to an agency that reviews and decides on funding independently of the CFI's decisions is not. The source of partner contributions is not judged as a review criterion. Nevertheless, the presence of a specific source of funding may demonstrate commitment to the project, interest of potential users of the infrastructure, interest of beneficiaries of research results or interest of potential employers of the highly qualified personnel. In addition, partners may contribute to projects for purposes outside those included in the definition of eligible infrastructure. These contributions should be described in the proposal to further highlight the interest and commitment to the project, but they will not be counted as eligible contributions in the infrastructure project.

4.9 Eligible in-kind contributions

Eligible in-kind contributions are defined as non-monetary resources that external partners offer as a contribution towards a CFI-funded project. It may include the value, in whole or in part, of eligible capital items or non-capital items that are needed to bring the infrastructure into service. In-kind contributions to the operating costs of research, however, will not be accepted. The CFI recognizes eligible items involving in-kind contributions at fair market value. Contributions made by the recipient institution or by participating institutions, in the case of multi-institutional projects, are considered to be cash contributions.

4.10 Eligibility dates

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

Table 4.1 – Eligibility dates

Program	Decision date	Eligibility date
Leaders Opportunity Fund	Three times a year	Six months prior to application
Advancing Big Data Science in Genomics Research	March 2014	May 15, 2013
Digging into Data Challenge	November 2013	July 31, 2012
Automotive Partnership Canada Fund	Three times a year	Six months prior to application

Program	Decision date	Eligibility date
College-Industry Innovation Fund	March 2013 November 2012 March 2012	April 1, 2011
Major Science Initiatives Fund	March 2012	April 1, 2012
2012 Leading Edge and New Initiatives Funds	November 2012	April 1, 2011
2009 Leading Edge and New Initiatives Funds	June 2009	January 1, 2007
2006 Leading Edge and New Initiatives Fund	November 2006	January 1, 2004
2007 Research Hospital Fund – Large-Scale Institutional Endeavours	June 2008	February 19, 2003
2007 Research Hospital Fund – Clinical Research Initiatives	March 2008	February 19, 2003
2004 Research Hospital Fund	October 2004	January 1, 2002
2005 International Joint Venture Project	November 2006	March 1, 2007
International Joint Ventures Fund/International Access Fund	June 2002	July 3, 2001

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5.1 Before submitting a proposal

5.1.1 *Institutional agreement*

Before submitting a proposal to the CFI, the institution must sign the *Institutional agreement*. This agreement defines the conditions under which the institution may use CFI funding. In the *Institutional agreement*, the president of the institution designates one or two authorized signatories, an account administrator and a liaison to act on his or her behalf.

- The authorized signatory may sign the *Strategic research plan summary*, proposals, *Award finalization forms*, *Award agreements*, final financial reports and Infrastructure Operating Fund (IOF) annual reports.
- The account administrator has custody of the CFI funds and is accountable for the institutional CFI financial accounts, related records and supporting documentation. The account administrator is authorized to submit updated budgets, change requests, financial reports and IOF annual reports.
- The liaison interacts with the CFI on a day-to-day basis. The liaison is authorized to submit proposals, updated budgets, change requests and project progress reports.

Any changes to these designates should be communicated to the CFI immediately in writing by the institution's president. The letter must include the signatures of the new designates. Alternatively, the institution may forward the revised *Institutional agreement* to the CFI. The agreement is available on the CFI website (www.innovation.ca/en/OurFunds).

5.1.2 Strategic research plan

The CFI requires each eligible institution to submit a summary of its strategic research plan. This plan sets priorities based on the institution's vision for the future. The institution is encouraged to build on its distinct advantages and to set priorities in areas that integrate ideas and knowledge from many disciplines and sectors. When completing the *Strategic research plan summary* (maximum of five pages), an institution should:

- outline the major objectives of the strategic research plan;
- outline the priority areas of research and research training;
- focus on those areas for which it intends to request support from the CFI;
- describe past and planned institutional support to priority areas;
- describe planned inter-institutional and inter-sectorial collaborations;
- describe how it will measure success in meeting its objectives;
- describe the planning and approval process (including the involvement of affiliated entities).

The CFI provides the *Strategic research plan summary* to the review committees. The CFI thus expects the institution to update the summary any time it revises its strategic research plan.

5.1.3 Special requirements for certain types of infrastructure projects

The institution must ensure that researchers follow existing guidelines and adhere to the requirements for their research facility. In signing the *Institutional agreement*, the institution agrees to conform to these guidelines.

Research involving human subjects

The institutions must follow the ethical guidelines set out in the *Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans* (www.pre.ethics.gc.ca/eng/policy-politique/initiatives/tcps2-eptc2/Default).

Research involving clinical trials

The institution must comply with Health Canada's drugs and health products guidance documents (www.hc-sc.gc.ca/dhp-mps/prodpharma/applic-demande/guide-ld/clini/index_e.html).

Research involving databases containing personal information

The institution must ensure that researchers adhere to all ethical and legal requirements relating to privacy, confidentiality and security of the database information. Refer to the Canadian Institutes of Health Research guidelines on privacy and confidentiality (www.cihr-irsc.gc.ca/e/22085.html).

Research involving animals

The institution must adhere to the guidelines of the Canadian Council on Animal Care (CCAC). The institution must also maintain local animal-care committees to assess and control animal experimentation and obtain certification from the local animal-care committee stating that the proposed facility complies with the principles outlined in the CCAC guide (www.ccac.ca/en/_standards/guidelines).

Research involving biohazards

The institution must adhere to the standards outlined in the Public Health Agency of Canada's *Laboratory Biosafety Guidelines* (www.phac-aspc.gc.ca/publicat/lbg-ldmbl-04).

Research involving radioactive materials

The institution must comply with all Canadian Nuclear Safety Commission regulations, recommended procedures and safety precautions (www.nuclearsafety.gc.ca/eng/lawsregs/index.cfm).

Research involving possible adverse impacts on the environment

The institution must comply with all provincial, territorial and federal government regulations pertaining to environmental assessment. The federal regulations are outlined in the Canadian Environmental Assessment Act (www.ceaa.gc.ca/default.asp?lang=En&n=9EC7CAD2-1).

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

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

- Yukon: www.tc.gov.yk.ca/scientists_explorers.html
- Northwest Territories: www.nwtresearch.com
- Nunavut: www.nri.nu.ca

5.2 Submitting a proposal

The CFI encourages the institution to consider how a given project integrates with the institution's portfolio of projects. The CFI has, in many instances, funded a group of related projects at an institution (e.g. thematic, space). If this is the case, portfolio considerations may lead to improved decision making, optimal implementation and efficiencies and enhanced sustainability of the infrastructure. For example, it might be beneficial for an institution to pool infrastructure needs for related projects or to optimize the design of constructed space for these projects.

Instructions for completing a proposal are available on the CFI website (www.innovation.ca/en/OurFunds). The proposal must be completed by researchers and submitted electronically by the institution through the [CFI Awards Management System](#). For projects that involve two or more eligible institutions sharing CFI funding, the proposal must be submitted by one applicant institution on behalf of the group. Any

other eligible institution (including affiliated entities) that will receive funding must be identified in the proposal and must have signed the *Institutional agreement*. This requirement also applies when funding will be transferred entirely to another institution (e.g. an affiliated entity).

5.3 Review criteria

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

1. Research or technology development
2. Capacity for innovation
3. Benefits to Canada

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

5.4 Review process

CFI funding is awarded through a thorough merit-based review process that involves researchers, research administrators and private-sector administrators. These volunteers review proposals, typically in committees, and make funding recommendations to the CFI. The review process is always independent and rigorous and focuses on the degree to which a request satisfies the review criteria. As the CFI strives to thoroughly assess all proposals without imposing an undue burden on the research community, the review process varies according to the program under which the proposal is submitted, the size of the requested investment and the complexity of the proposal. All final decisions are made by the CFI Board of Directors. The institution receives the written reviews and committee reports for each proposal.

5.4.1 Governing principles for reviewers

The CFI expects reviewers to maintain the highest standards of ethics in fulfilling their role. They are appointed as individuals not as advocates or representatives of their discipline or of any organization. All reviewers must adhere to the [Conflict of Interest and Confidentiality Policy of the Federal Research Funding Organizations](#). Members of the research community are not to contact reviewers for information on committee deliberations. Reviewers are instructed not to discuss anything related to the review process or to specific proposals with other members of the research community. Reviewers will receive additional information or representations relating to proposals only from the CFI directly and must refer all inquiries or other material directed to them personally to the CFI for response.

5.4.2 Collaboration with the provinces and the federal research funding agencies

To enhance the coordination of the review process, the CFI will share information with relevant provincial ministries to avoid duplication of work. The CFI will also offer the provincial ministries an opportunity to submit their views on projects for which they are being asked for funding. In addition, the CFI regularly explores ways of jointly reviewing proposals with the federal research funding agencies, particularly when projects need significant research funding directly related to an infrastructure project.

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

6.1 Management and oversight of CFI awards

The recipient institution is responsible for the timely implementation of each CFI-funded project and for the operation and maintenance of the infrastructure over its useful life. It must ensure that funds are properly managed and that it complies with CFI guidelines and requirements. The CFI, for its part, monitors awards to ensure that projects are implemented properly and funding is spent appropriately so that expected outcomes can be achieved. The CFI also provides guidelines to assist the institution with the implementation of its projects and with the administration of the funding received. Both the CFI and the institution perform various oversight activities.

The CFI has adopted a risk-based approach for its oversight of funded projects. This risk-based approach underpins many of the guidelines included in section 6 of this guide (e.g. financial reporting frequency, prior approval of infrastructure changes). In addition, the nature and extent of the CFI's oversight activities are tailored to the risks facing each institution and project. The institution is also encouraged to follow a risk-based approach for the management of its portfolio of CFI-funded projects. The risks associated with CFI-funded projects vary greatly from one project to the next. By tailoring the nature and extent of its management and oversight practices to the risks of each project, the institution can benefit from more effective and efficient mechanisms. Finally, project-related risks identified from a CFI perspective and from an institutional perspective may be similar or may differ significantly. Continued collaboration between the CFI and the institution to discuss project-related risks is critical to ensuring successful and timely project implementation.

CFI oversight framework

To assist with the identification of project-related risks and to establish an appropriate level of oversight for each project, the CFI has developed a Tool for Risk Assessment and Management (TRAAM). This tool has two components: the CFI's risk assessment and a summary of the CFI's oversight activities commensurate with the identified project-related risks. Oversight activities may include, for example, project-implementation meetings, financial reporting, project status reports, site visits, contribution audits and other ad hoc activities. These activities are tailored to each project to help ensure that the risks identified are being managed adequately. The TRAAM is, above all, a tool for the CFI and may differ in scope and extent from the risk assessment performed by the institution.

The CFI works collaboratively with each institution in the management of project-related risks. Input from the institution on its management and oversight activities will be incorporated in the TRAAM; this may influence the CFI's risk assessment and its level of oversight activities. As such, the CFI is willing to share with the institution the TRAAM for each project where the CFI contribution is \$1 million or more and for other projects deemed to be other than low-risk. Over the course of each project, the CFI risk

assessment will be revisited annually, or more frequently based on need. The CFI will also modify its oversight activities to reflect any changes in risks for the project.

Institutional management and oversight

Effective institutional management and oversight of CFI-funded projects require that appropriate policies, practices, processes and controls be in place. These are the responsibility of the institution and are neither described nor prescribed in this guide. The institution will develop its own management and oversight activities for CFI projects, tailored to the complexity and scale of each project. The CFI does not expect the institution to automatically adopt the standard CFI guidelines for its own management and oversight activities. As an example, the CFI may ask that the institution submit an annual financial report for a given project to monitor whether the project is being implemented on a timely basis, but an institution may want to review quarterly internal financial and progress reports if the implementation of the project is complex.

In its management of CFI funded-projects, the CFI also encourages the institution to consider how a given project integrates with the institution's portfolio of projects. The CFI has, in many instances, funded a group of related projects at an institution (e.g. thematic, space). If this is the case, portfolio considerations may lead to improved decision making, optimal implementation and efficiencies and enhanced sustainability of the infrastructure. For example, it might be beneficial for an institution to pool infrastructure needs for related projects or to optimize the design of constructed space for these projects.

6.2 Award finalization

6.2.1 Conditions

Where applicable, the institution must respond to any specific conditions raised in the CFI funding decision, and document how the conditions will be, or have been, addressed. Responses to conditions must be submitted in writing by the president of the institution or an authorized signatory and be approved by the CFI before any funds will be released.

6.2.2 Award finalization documents

The final amount and instalment schedule for an approved project will be determined when the eligible recipient provides the CFI with the following documents. Please note that an updated budget is normally not required at this stage.

- Signed copy of the [Award finalization form](#)
- If required, an updated budget
- If applicable, an inter-institutional agreement, a memorandum of understanding or other relevant agreements

6.2.3 Award finalization deadline

The institution must submit the award finalization documents to the CFI within nine months of award approval. The CFI may grant an extension if a reasonable explanation is provided. However, if an updated budget is not required, the institution should finalize shortly after award approval.

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

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

The institution should contact the CFI to discuss this alternative for a specific project.

6.2.4 Construction or renovation deadline

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

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

6.2.5 Updated budget

An updated budget is normally not required at the award finalization stage. However, this may be needed in a small number of instances, if one or more of the following occur:

- the CFI has requested that an updated budget be submitted;
- there are changes to the infrastructure that require prior CFI approval. The institution must obtain prior CFI approval for:
 - any change having a negative impact on a project and its research objectives, regardless of the cost implications;
 - any new item (including increases in the quantity of an item) for which the cost exceeds \$50,000;
- one or more items need to be removed or amended as per the funding decision.

Changes to infrastructure

If an updated budget is required, the institution must indicate any proposed changes to the original infrastructure. In the case of construction or renovation, the institution must notify the CFI if changes have been made to the information provided in the proposal (e.g. changes in floor plans, size and nature of the space), 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.

Cost estimates

If an updated budget is required, updated cost estimates should be obtained only if the institution suspects that the cost for an item stated in the proposal has changed significantly or if there is a change in the nature of the proposed infrastructure. The institution should seek to update the cost of any large item (e.g. greater than \$100,000), as changes related to such an item could be significant. The updated cost estimate should reflect the expected purchase price. The full estimated cost of all eligible items must be presented, even if it exceeds the cost reported to the CFI in the proposal. The institution must keep on file supporting documentation for updated cost estimates and provide them upon request. Supporting documentation may include, for example, recent educational price lists, quotes, price information requests or bids resulting from a competitive process when a purchase is imminent and such a process has already been undertaken.

Submitting an updated budget

At this stage, given that an *Award agreement* is not yet in place, the updated budget must be submitted using the form entitled *Itemized list and summary of secured contributions* in the “Institutions: finance” section of the CFI website (www.innovation.ca/en/CFIOnline).

6.2.6 Multi-institutional projects

For projects that involve two or more eligible institutions sharing CFI funding, including instances when the funding is transferred entirely to another institution (e.g. an affiliated entity), the applicant institution may choose to become the recipient institution for the award with responsibility for receiving and administering the funds or it may request in writing that this responsibility be transferred to another participating institution. In the latter case, the other institution will then become the recipient institution for the award and must submit the award finalization documents.

The recipient institution is responsible for:

- submitting to the CFI a copy of the signed inter-institutional agreement. At minimum, the agreement should state:
 - the institution that will act as the administrative centre for the project;
 - the roles and responsibilities of each institution for the infrastructure project;
 - the long-term operating and maintenance plan for the infrastructure;

- the fund-sharing agreement between the institutions, including any infrastructure operating funds;
- the current plan for access to the infrastructure;
- ensuring that all participating institutions are knowledgeable of CFI's guidelines with respect to the administration of CFI awards, as well as the required supporting documentation;
- receiving funds and making payments to other participating institutions as per the inter-institutional agreement;
- ensuring that distribution of funds is made only to institutions that have been ruled as eligible by the CFI;
- ensuring that only institutions that have been ruled as eligible by the CFI will exercise de facto control over and hold a majority interest in the CFI-funded infrastructure;
- preparing consolidated financial reports and project progress reports;
- liaising with the CFI for change requests and notifications and addressing other issues, as required;
- coordinating audit work in the event that the project is audited (e.g. obtaining transaction details and supporting documentation, resolving issues);
- having adequate oversight processes and controls to ensure proper management of CFI funds at participating institutions in the event that the inter-institutional agreement does not transfer this responsibility to the participating institutions.

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

6.2.7 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 consider adjusting its contribution to a project only in very exceptional situations, as described below:

- the CFI made an administrative error (e.g. miscalculation, erroneous removal of items in cases of partial funding);
- the project was funded under a program that operates with institutional envelopes (e.g. Leaders Opportunity Fund), and compelling justification has been provided;
- a highly complex project is facing exceptional and unforeseeable circumstances that could put it at severe risk. In this case, the following criteria must be met:
 1. The project is unique and complex (e.g. unique technology, national or international scope);

2. The project is confronted with an exceptional situation that could not reasonably have been predicted at the application stage, despite due diligence;
3. The project is confronted with a funding shortfall that jeopardizes its success, timeliness and relevance;
4. The project is confronted with unexpected cost increases that are not the result of a change in the nature of the project and its research objectives, which would require a reassessment of the project in the context of a competition;
5. The institution provides evidence of a thorough investigation of alternative approaches showing that it cannot reduce the scope of the project;
6. The institution can demonstrate its partners' collective interest in change and willingness to assist in the increased costs, with the CFI providing up to 40 percent of the increase and the partners 60 percent or more.

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

6.3 Award agreement and instalment schedule

6.3.1 Award agreement

For each approved project, the CFI prepares an *Award agreement* with the recipient institution. The institution is required to sign the agreement, thereby accepting the terms and conditions of the funding. The *Award agreement* indicates the maximum allowable CFI funding share of eligible costs (typically 40 percent) and the 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.

6.3.2 Release of funding

The CFI releases funding to the recipient institution once all finalization documents have been received and satisfactorily reviewed and any specific conditions have been addressed. All instalments to the institution are subject to the CFI receiving funding from the Government of Canada, which is subject to sufficient parliamentary appropriations. Instalment payments by CFI to the institution are also subject to CFI management review and authorization of each instalment and the fulfillment of any condition that may be applicable to the payment of such instalments. The CFI reserves the right to defer or suspend subsequent instalments if transfers received from the Government of Canada are reduced or cancelled due to insufficient parliamentary appropriations, if an institution fails to comply with CFI policies or any of the terms or conditions agreed upon or if the need for funds is not demonstrated.

The CFI sends funds only to the recipient institution. For multi-institutional projects, the recipient institution is responsible for receiving and distributing the funds to other participating institutions according to the terms of the inter-institutional agreement. For large and complex projects where funding for construction or renovation is requested, it

is possible that the instalment for the equipment to be located in the constructed or renovated space will be paid only when this space is ready to house the equipment. This will be determined following the CFI's risk assessment for the project. The CFI makes electronic deposits to a pre-arranged bank account; it issues payments by cheque on an exceptional basis only. The CFI provides to the account administrator and the liaison a list of projects for which each payment is made.

6.3.3 Instalment schedule

For awards where the CFI contributes under \$1 million, the CFI amount is normally paid in one instalment at the time of award finalization, less the holdback amount. For awards where the CFI contributes \$1 million or more, the CFI makes instalments over one or more fiscal years (April 1 to March 31), in accordance with the timing of forecasted disbursements for the project. Instalments are usually made on a quarterly basis (January 15, April 15, July 15 and October 15). However, semi-annual or annual payments are also possible depending on the significance of the amount. In any given fiscal year, the CFI contribution normally does not exceed the maximum allowable CFI funding share of the cumulative total eligible costs to the end of that year. Instalments for these projects are based on the forecasted disbursements provided by the institution upon award finalization and may be revised following the CFI's review of the information submitted by the institution in financial reports. The CFI will withhold all payments when an institution does not comply with reporting requirements for all projects.

6.3.4 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 maximum allowable CFI funding share of eligible costs. After adjustments are made to reflect actual expenditures, the holdback amount for a given period is normally released within three months of submission of the financial report. The amount of the holdback released every period for each project is based on a review of the information presented in the financial report to ensure that:

- instalments match, as closely as possible, the expected disbursements;
- there is satisfactory progress in the acquisition and development of the infrastructure.

6.3.5 Final instalment

The final instalment for the holdback is made after the project is completed and the final financial report has been received and satisfactorily reviewed. Upon project completion, the amount of the final CFI contribution is calculated based on the actual total eligible costs incurred for the project. The final CFI contribution is limited to the maximum allowable CFI funding share of eligible costs (typically 40 percent) or the maximum CFI amount, whichever is lower.

6.4 Account administration

6.4.1 Procurement of infrastructure

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

A formal competitive bid process must be performed when required by institutional policies. To help reduce the administrative burden, this process should be performed only once, prior to the purchase of an item. The requirement for competitive bidding should be clearly communicated to all involved at the onset. The institution should not make any purchase commitments to suppliers when soliciting pricing information at the proposal and award finalization stages, ensuring that a formal competitive bid process can be carried out prior to the actual purchase. For items involving in-kind contributions, the institution is also expected to follow its usual policies and procedures, which must follow the guidelines outlined in [section 6.5](#).

6.4.2 Acceptance of cash back or other benefits from a supplier

When providing pricing on CFI-funded infrastructure, suppliers may suggest that instead of a special discount (considered by the CFI as an in-kind contribution), the equivalent in cash or other benefits (including additional items) be given to the institution. The CFI does not endorse the procurement of infrastructure that would be linked to a promise of cash back or other benefits not related to a CFI-funded project but be advantageous to the institution in some other way. If this occurs, the cost of the infrastructure purchased from the supplier must be reported to the CFI net of the cash back or value of the benefit received from the supplier (i.e. fair market value less cash back or value of benefit). However, if the cash back or other benefits are advantageous to the CFI-funded project or portfolio of CFI-funded projects, the CFI will accept that the infrastructure purchased from the supplier be reported to the CFI at fair market value (as defined in [section 6.5.1](#)). A description of reporting scenarios relating to acceptance of cash back and other benefits offered by a supplier, and related examples can be found under “Complementary information” in the “Our funds” section of the CFI website (www.innovation.ca/en/OurFunds).

6.4.3 Tracking of expenditures and contributions, and financial records

The recipient institution and other eligible institutions participating in a multi-institutional project are responsible for the administration of CFI contributions and for tracking project expenditures and partner contributions. They must maintain adequate financial records and ensure that the expenditures and partner contributions comply with the CFI policies and guidelines outlined in this guide. This requirement is also specified in the *Institutional agreement* and imposed as a condition of funding in the *Award agreement*. They must also ensure that cash and in-kind contributions from partners have been

received and expenditures have been incurred after the date of eligibility set for each fund, as outlined in [section 4.10](#). The account administrator is responsible for ensuring that the CFI is not charged more than the maximum allowable CFI funding share of eligible costs (typically 40 percent) or the maximum CFI amount, whichever is lower. Unless otherwise indicated in this guide, administration and accounting procedures for each project must conform to institutional standards, practices and policies.

Financial records

The institution must maintain a verifiable audit trail for all transactions reported in a CFI-funded project, including in-kind contributions. It must also maintain separate project accounts for each CFI-funded project. The financial records must identify the various funding sources and the full actual cost of all eligible items (i.e. items presented in the proposal or updated budget and/or the final financial report) in a CFI-funded project, even if the cost of these items exceeds the estimated cost reported in the proposal or latest approved amendment. 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 be tracked either as part of this system or in other ways, such as in an Excel spreadsheet. The institution must not report to the CFI or provide financial records for items that do not constitute eligible items, even if they are related to the project. Costs must be assigned to appropriate project accounts on a regular basis, at a minimum prior to the filing of the financial report. Financial records must reconcile to the financial report submitted to the CFI.

Retention of supporting documentation

The institution must keep all financial records and supporting documentation (see [section 6.4.5](#)) for each transaction reported in a CFI-funded project. In line with Canada Revenue Agency requirements, documentation must be kept for at least six years. This six-year period starts at the end of the fiscal year to which the records relate. The institution must keep on file all documentation for audit purposes and provide it upon request. The CFI may request that the documentation be maintained for a longer period for a given project if this is required for audit purposes.

Cost allocation of a single item shared between projects

If an institution determines after award approval that it is more optimal and/or cost-effective to consolidate the individual needs of two or more projects and to purchase one single item that will benefit these projects, the cost of the item purchased can be allocated and reported in each individual project using any method deemed reasonable by the institution, as long as the sum of the amounts reported does not exceed the actual purchase cost of the item. The institution must indicate in the final financial report that the cost of the item has been allocated to more than one project and reference the other project(s).

Basket purchases

If the institution is unable to obtain from the vendor details of the purchase price and its allocation among infrastructure items, the cost of each item acquired as part of a basket purchase (i.e. a group of items acquired for a single amount) can be determined by

allocating the price paid for the basket to each item on the basis of its relative fair market value at the time of acquisition. Details of the cost allocation should be documented and made available upon request. Unless otherwise required by institutional accounting practices, when the infrastructure items purchased are reported in the CFI budget as a functional group, the institution does not have to allocate the price paid to each item within the functional group.

6.4.4 CFI-funded construction or renovation that is part of a larger undertaking

Cost-allocation method

When the CFI funds a portion of a larger construction or renovation, the estimated costs for the CFI-funded space must reflect, as accurately as possible, the actual cost of this space. Costs for common elements and soft costs must be pro-rated to the CFI-funded portion of the undertaking. In such instances, it is the responsibility of the institution to develop an appropriate cost-allocation method. A framework for the evaluation of cost-allocation methods and examples of detailed and simplified cost-allocation methods can be found under “Complementary information” in the “Our funds” section of the CFI website (www.innovation.ca/en/OurFunds). The CFI will allow an institution to use a simplified cost-allocation method only if the average cost of the CFI-funded space is representative of, or higher than, the average cost of the overall undertaking.

Financial reporting

Once the construction or renovation contract has been awarded, the institution is in a better position to calculate and report the expected cost of the CFI-funded space using an established cost-allocation method for the project. At this point, preliminary estimates can be replaced by firm estimates of costs to completion. In the interim financial reports, the institution is expected to report both the expected cost at completion and the actual cost at the reporting date:

- **Expected cost at completion:** The CFI expects institutions to produce an updated analysis of the estimated construction or renovation cost every time there are significant changes. If there are only minor changes, the institution can wait until the end of the project to update the analysis.
- **Actual cost at reporting date:** The actual construction or renovation costs reported in the interim financial report must be based on the percentage of completion of the entire undertaking at the reporting date, multiplied by the expected cost at completion. However, if an institution can demonstrate that the percentage of completion of the CFI-funded space is different from that of the entire undertaking, then the more representative percentage may be used. Equally acceptable to the CFI is the use of the percentage of billing to date to the most recent estimated cost at completion for the entire undertaking.

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

6.4.5 Supporting documentation

The institution must be prepared to provide supporting documentation for expenditures and contributions related to each eligible item reported in a CFI-funded project. The institution must keep on file the original documentation for audit purposes and provide it upon request. Where an imaging program is in place at the institution, the CFI will accept electronic images if all of the following conditions are met:

- senior management has authorized the use of electronic images as part of the institution's normal course of business;
- the institution has established and documented systems and procedures for the imaging program, and these have been approved by senior management;
- the images are of good quality and are legible and readable when displayed on a computer screen and reproduced on paper;
- the institution has adequate electronic record-keeping policies, procedures, and practices to ensure the reliability, integrity and authenticity of the electronic records and the records management system. The institution should refer to the latest National Standards of Canada, as outlined in the publications entitled *Electronic Records as Documentary Evidence* (CAN/CGSB-72.34-2005) and *Microfilm and Electronic Images as Documentary Evidence* (CAN/CGSB-72.11-93 — amended in April 2000).

The institution must keep on file the supporting documentation listed in the following pages.

Expenditures

- Purchase requisition
- Request for bids
- All bids received following a competitive bid process
- Documentation justifying an exception if a competitive bid process was not undertaken. The exception must be permitted under the institution's purchasing policy.
- Summary form documenting bids received and the evaluation and rationale for selection of the successful supplier or service provider
- Purchase order or contract
- Receiving document or statement of work performed
- For travel costs, boarding passes (if available) or other evidence supporting that travel has taken place
- Invoice
- Proof of payment (e.g. cancelled cheque)

- For personnel costs, supporting documentation for time spent and nature of activities performed as follows:

Table 6.1 – Time spent and nature of activities

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

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

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

Table 6.2 – Rate, fee or fixed percentage

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

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

- For construction or renovation for which the CFI component is part of a larger undertaking:
 - description of the costing approach used and the analysis leading to the determination of the eligible costs reported to the CFI in the updated budget and financial reports. Examples of acceptable cost allocation methods can be found under “Complementary information” in the “Our funds” section of the CFI website (www.innovation.ca/en/OurFunds);
 - confirmation from the architect of:
 - the actual gross and net floor areas for the entire undertaking;
 - the actual net area of the CFI-funded space, with reference to attached floor plans.

Contributions

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

Other

- Supporting evidence for the research portion of the infrastructure if other than 100 percent
- Supporting evidence of key controls in place (e.g. evidence of approval of purchase requisition, purchase order, receipt of goods or services, payment, review of infrastructure changes and request for prior approval, reconciliation of financial records and financial reports)

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

6.4.6 Foreign currency transactions

Foreign currency transactions must be reported in Canadian dollars in the financial reports in accordance with the usual institutional policies and procedures (e.g. using the market exchange rate in effect at the time the expenditure is recorded in the account, at the invoice date or at the payment date). Using the market exchange rate in effect at the time of the commitment (i.e. purchase order date) is not acceptable. If an institution enters into a foreign exchange contract for a specific transaction to protect itself against fluctuations in the foreign exchange rate and this is approved by the institution’s treasury department, the CFI will accept that the contract rate be used to report this 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). The institution must document this relationship at the onset of the contract.

6.5 Items involving in-kind contributions

The CFI recognizes eligible items involving in-kind contributions at fair market value. It is the responsibility of the institution to ensure that the fair market value reported to the CFI for such items is reasonable.

The institution may request consideration of an in-kind contribution by suppliers but should not ask for a specific amount or percentage, since this is to be provided by the supplier on a voluntary basis. The CFI does not endorse the procurement of infrastructure that results in an overestimation of the value of the item and of the in-kind contribution. The institution must exercise careful judgment, recognizing the risk of overestimation in certain instances, and ensure that in-kind contributions reported to the CFI are real and properly valued.

The CFI reserves the right to make the final determination of eligibility and value for items involving in-kind contributions, to disallow expenditures and to reduce the CFI award. To avoid a situation where these items may later be deemed ineligible or incorrectly valued, the institution is encouraged to contact the CFI early in the process if it foresees a problem in complying with the guidelines.

6.5.1 Definitions

Fair market value (eligible cost)

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

Normal discount

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

Educational discount

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

Net selling price

The cash consideration paid or payable by an institution.

Eligible in-kind contribution

A non-monetary resource that an external partner offers as a contribution toward a CFI-funded project. It may include the value, in whole or in part, of eligible capital items or non-capital items that are needed to bring the infrastructure into service. The eligible in-kind contribution is equal to the fair market value of the item less the net selling price (if any).

6.5.2 Valuation of items involving in-kind contributions and documentation requirements

The CFI recognizes eligible items involving in-kind contributions at their fair market value at the time of transfer of ownership to the institution, assuming this value can be reasonably determined and supported by documentation. In some cases, the fair market value of the item is known. In other cases, the value must be assessed using commonly accepted methods (e.g. depreciated value). For datasets that are not otherwise sold to third parties, the institution can report only the incremental cost to customize the dataset. Similarly, for one-of-a-kind items not regularly sold, the institution should report only the incremental manufacturing cost, unless a fair market value can be reasonably established.

If the institution records in-kind contributions at fair market value in its audited financial statements, the CFI will accept the fair market value and supporting documentation deemed reasonable by an external auditor. For contributions by external partners that are treated as charitable donations for income tax purposes, the CFI will accept fair market values deemed acceptable by the Canada Revenue Agency. It is the responsibility of the institution to ensure that the fair market value reported to the CFI for items involving in-kind contributions is reasonable. The institution must take into account the substance of each transaction and assess whether the amount of the in-kind contribution is reasonable under the given circumstances. The institution should contact the CFI if it is unable to establish the fair market value of an item involving an in-kind contribution.

In-kind contributions from suppliers

To help establish the fair market value of an item involving an in-kind contribution provided by a supplier, the institution should obtain from the supplier a confirmation² of the price that would have normally been charged to the institution for the item or service (i.e. the price after normal and educational discounts but prior to any discount offered as a contribution toward the CFI-funded project). The institution should also consider other readily available information such as, for example:

- other bids that have been received as part of a competitive bid process and that provide useful market comparisons;
- the cash consideration paid in a previous purchase of the same (or similar) infrastructure item where the purchase was not related to a CFI-funded project and did not involve an in-kind contribution; and
- the institution's experience with a supplier's discount structure.

Appropriate documentation should be retained to support the fair market value.

² This confirmation can be provided in a quotation, competitive bid document, invoice or letter.

Items involving in-kind contributions in excess of \$500,000

A higher level of due diligence is required if the in-kind contribution is significant. For all items involving an in-kind contribution in excess of \$500,000, the institution must corroborate the price confirmed by the contributor or the supplier with other sources of information and formally assess the fair market value. This may involve, for example, performing a market comparison, a comparison with previous purchases at the institution or by other institutions or an appraisal. It is possible that the information required to perform the assessment may not be readily available at the institution.

For these items, the institution must provide to the CFI prior to award finalization a description of the valuation method used or expected to be used. It must also forward to the CFI the fair market value assessment for these items prior to the transfer of ownership to the institution or once the transfer of ownership has been completed. The institution should seek the expertise of its purchasing or supply management departments, as well as those departments that are responsible for the assessment of the valuation of in-kind gifts. The fair market value assessment should be reviewed and approved by the head of one of these departments. The institution should keep all supporting documentation for this assessment (e.g. bids, invoices for similar purchases) on file for audit purposes so that it is available upon request.

The CFI will perform a high-level review of the assessment and ensure that the methodology used by the institution appears reasonable. However, the CFI will not seek to validate the data elements during this review. Any concerns regarding the methodology will be communicated to the institution. For a sample of projects selected for audit, the CFI will perform procedures at a later date to validate facts and elements included in the assessment. If a third-party appraisal is required, the institution must contact the CFI. The CFI will coordinate and pay for the appraisal if no alternative valuation method is available.

The following can be found under “Complementary information” in the “Our funds” section of the CFI website (www.innovation.ca/en/OurFunds):

- examples of methods that can be used to assess fair market value and circumstances where an appraisal may be required;
- for items involving in-kind contributions provided by suppliers, important considerations for the competitive bid process and examples of acceptable bid evaluations, including a fair market value assessment.

6.5.3 Reporting of items involving in-kind contributions

Items involving in-kind contributions must be reported at fair market value. This constitutes the eligible cost to be reported to the CFI.

Example: A supplier offers a price reduction on the sale of equipment.

List price	\$500
Normal discount	(\$20)
Educational discount	(\$80)
Price after normal and educational discounts/ Fair market value (eligible cost)	<hr/> \$400
Discount offered as a contribution toward the CFI-funded project (eligible in-kind contribution)	(\$100)
Net selling price (cash consideration)	<hr/> \$300

Taxes associated with the cash portion of an item involving an in-kind contribution, net of any rebate received, can be included in the eligible cost reported to the CFI. Taxes must not be calculated and reported for the portion of the item considered an in-kind contribution.

6.6 Changes to infrastructure projects

The guidelines presented in this section apply to all changes that take place after a project has been approved by the CFI.

6.6.1 Changes to the infrastructure

The CFI funds specific items of an infrastructure project that have been subject to a merit-based review. As such, the institution is expected to use CFI funds to purchase the infrastructure items identified in the proposal.

Making acceptable changes

In a small number of instances, changes to an infrastructure item identified in the proposal may be necessary (e.g. enhanced functionalities). The purchase of a new infrastructure item not included in the proposal may also be essential. In these instances, the institution must ensure that the proposed change or new item is acceptable by satisfying all of the following criteria:

- the institution will still be able to complete the remainder of the project as initially presented to the CFI in the proposal;
- the infrastructure is directly related and essential to the project;

- the proposed change has a positive impact on the project and research objectives, and/or the proposed change will benefit the portfolio of CFI-funded projects at the institution;
- the new or replacement item constitutes an eligible cost;
- the institution will be able to operate and maintain the infrastructure over its useful life and will assume all related costs.

If all of the above criteria are met, the institution can make the change or purchase the new item if it is satisfied that a compelling justification exists. Modifications to a proposed vendor or model (with similar functionalities) are acceptable, as they do not constitute a change to the nature of the infrastructure. Prior approval from the CFI is not required for changes to infrastructure items that have a positive impact on the project. For new items (including increases in the quantity of an item), prior CFI approval is required only if the related cost is more than \$50,000. An appropriate oversight framework must be in place at the institution to ensure that actual purchases are in line with the infrastructure items identified in the proposal and that any proposed changes, including the purchase of a new item, are acceptable.

In its final financial report for each project, the institution must describe all changes to the infrastructure from what was initially described in the proposal. Changes to the composition of infrastructure items within a functional group should also be described at that time. If changes have been made to the construction and renovation information provided in the proposal (e.g. changes in floor plans, size and nature of the space), the revised floor plans (where applicable) and a description of the changes must be forwarded to the CFI with the final financial report. The CFI reviews all spending related to a project, including infrastructure changes and new items (if any), following the receipt of the final financial report. The CFI reserves the right to review any changes to ensure that they are acceptable, as outlined above.

Changes having a negative impact

The institution should not make changes that have a negative impact on a project and its research objectives. If this is ever necessary, prior approval from the CFI must be obtained, regardless of cost implications. The following examples of such changes are presented for illustrative purposes:

- the non-purchase of an infrastructure item included in the proposal or a decrease in the quantity of an item that negatively impacts the extent or quality of the research;
- the purchase of an infrastructure item with significantly different functionalities detrimental to the research project or resulting in a significant change in scientific methodology or an overall loss of functionality due to, for example:
 - a significant decrease in infrastructure output capacity;
 - deterioration in the infrastructure output quality;
 - a decrease in the infrastructure's life expectancy;
- the purchase of an item with lesser functionalities at a lower cost to compensate for unforeseen increases in construction costs;

- a change in the nature of constructed or renovated space (e.g. change of wet lab to office space) or a reduction in the total amount of space that lowers the number of researchers being accommodated;
- a change in the location of an equipment or CFI-funded space that negatively impacts the project and its research objectives;
- the purchase of a new item that would prevent an institution from purchasing other essential items initially requested in the proposal, and thus negatively impacting the project.

Changes requiring prior CFI approval

Unless otherwise instructed by the CFI, the institution must obtain prior CFI approval for:

- any change having a negative impact on a project and its research objectives, regardless of cost implications;
- any new item (including increases in the quantity of an item) for which the cost exceeds \$50,000.

Although the above thresholds and guidelines establish minimum requirements, judgment should be used and the CFI consulted if it is felt that this is warranted, or if there are uncertainties about any given change.

Submitting a change request

If an *Award agreement* is not yet in place, the institution must submit an updated budget using the form entitled *Itemized list and summary of secured contributions* in the “Institutions: finance” section of the CFI website. If an *Award agreement* is in place, the institution must submit change requests through the Amendment module in the “Institutions: finance” section of the CFI website (www.innovation.ca/en/CFIOnline). All requests for changes should include a rationale for the change, demonstrating how it is essential to the approved project and describing the impact of the change on the project. The CFI may seek the advice of expert reviewers for requested changes.

6.6.2 Delays in the acquisition of the infrastructure and project completion

To ensure that the significant investments made in CFI-funded projects deliver the expected benefits, the timely implementation and completion of projects is important. In some instances, significant delays in implementing a project can also reduce the relevance and/or competitive edge of the infrastructure. Therefore, it is important for the institution and the CFI to carefully monitor the implementation of each project.

To achieve this, the institution must have effective processes and mechanisms in place to monitor the implementation of its projects. The institution is expected to tailor the nature and extent of its oversight activities to the risk of each project (e.g. quarterly monitoring for higher-risk projects, monitoring on an annual basis for lower-risk projects). If delays occur, mitigation measures should be implemented as appropriate. If actual or forecasted delays are expected to have a negative impact on a project and its research objectives, the institution should notify the CFI on a timely basis. The

notification should include detailed information regarding the nature of the delay and its impact on the project.

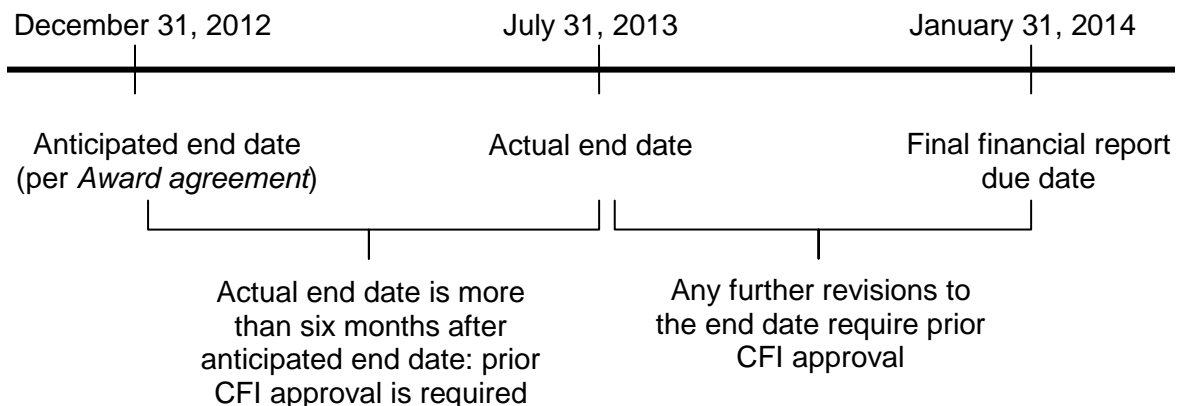
The CFI monitors the implementation of projects using the forecast information provided in financial reports; therefore, it is important that this information be reasonably accurate. If there are delays in a given project, the CFI may need to revise the timing of its instalments to the project to more closely match the actual purchases for the project.

Project completion

The institution must normally complete the project within the anticipated end date indicated in the *Award agreement*. The institution can incur expenditures after the anticipated end date without requesting prior CFI approval as long as the actual end date falls within six months of the anticipated end date. The actual end date of a project is the date at which the infrastructure has been acquired or developed and is operational and all expenditures have been incurred (i.e. goods received, services rendered or work performed).

However, the institution must request prior CFI approval if it will not be able to acquire or develop the infrastructure within six months of the anticipated end date. If the end date of a project has been extended once, any further revisions to the end date require prior CFI approval. The end date is not the date of submission of the final financial report. The institution has six months after the actual end date to submit the final financial report.

Figure 6.1 – End date



6.6.3 Other changes

The institution must immediately notify the CFI if any of the following changes occur or are anticipated:

- there will be a change in project leader;
- there will be a change in status of any of the candidates of a Leaders Opportunity Fund project;
- the institution is unable, for any reason, to complete a project or is unable to comply with award conditions. Termination procedures will be established on a case-by-case basis.

6.6.4 Differences in total eligible costs

Upon project completion, the amount of the final CFI contribution is calculated based on the actual total eligible costs incurred for the project. The final CFI contribution is limited to the maximum allowable CFI funding share of eligible costs (typically 40 percent) or the maximum CFI amount, whichever is lower. If the total eligible costs are higher than the estimated costs indicated in the *Award agreement* once all infrastructure items have been acquired, the institution is responsible for excess expenditures.

Acknowledging that many institutions are managing a complex portfolio of CFI-funded projects, the CFI may consider, on a case-by-case basis, requests to use the CFI funding of one or more projects with cost savings for other projects that have experienced cost overruns. Such requests should be made to the CFI once the final costs of the projects are confirmed. The CFI will communicate its decision after careful review of the request and the particularities of the situation.

6.7 Financial reporting

6.7.1 Submission deadlines

The institution is normally required to submit an annual financial report by June 15 each year (cumulative results as at March 31 of the same year) for any ongoing project that received CFI funds prior to April 1 of that year. For projects that have a CFI contribution under \$1 million, the institution must submit a financial report every two years, unless instructed otherwise by the CFI. For certain projects, the CFI may request that quarterly or semi-annual financial reports be submitted. If the institution plans to submit a final financial report by September 30 that year, it does not need to submit an interim financial report. The final financial report must be submitted within six months of the actual end date of the project (see [section 6.6.2](#)).

The institution must submit all financial reports electronically and it must also send a signed copy of the final financial report to the CFI. This report must be signed by the account administrator and the president of the institution or an authorized signatory. Instructions for financial reports are available in the “Our funds” section of the CFI website (www.innovation.ca/en/OurFunds).

6.7.2 Content of financial report

The financial report includes information on:

- actual and forecasted eligible costs (for ongoing projects);
- actual and forecasted contributions to eligible costs from eligible partners;
- actual and forecasted changes (see [section 6.6](#)) that have not been previously approved by the CFI;
- and, for the final financial report only, any changes to the infrastructure.

In the financial report, the institution must disclose the various funding sources and the full actual cost of all eligible items, even if the cost of these items exceeds the estimated cost reported in the proposal or at award finalization.

6.7.3 Request for final instalment

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

- the information provided in the financial report is accurate;
- the resources are available for the operation of the infrastructure over its useful life;
- the administration of the funding is in accordance with the *Policy and program guide*, the *Institutional agreement* and 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).

The institution must ensure that the CFI's contribution does not exceed the maximum allowable CFI funding share of eligible costs (typically 40 percent) or the maximum CFI amount, whichever is lower.

6.8 Operation and maintenance of CFI-funded infrastructure

It is the institution's responsibility, in accordance with its established policies and practices, to ensure that appropriate resources are provided for the operation and maintenance of the CFI-funded research infrastructure over its useful life (i.e. the period of time over which the infrastructure is expected to provide benefits and be usable for its intended purpose, factoring in normal repairs and maintenance). As such, the institution should carefully consider its ability to sustain the infrastructure, prior to the submission of a proposal to the CFI.

To meet this obligation, the institution must have an internal plan for the provision and administration of operating and maintenance support. The plan should be made available to all relevant stakeholders. Based on experience to date, operating and maintenance plans have included:

- the guiding principles as well as the decision-making and approval processes related to the provision of operating and maintenance support;

- the way the Infrastructure Operating Fund will be allocated;
- a list of other available sources of operating and maintenance support;
- the person project leaders should contact for operating and maintenance support when allocated funds have been exhausted.

The institution must keep on file its operating and maintenance plan and provide it to the CFI upon request. The CFI encourages the institution to provide this plan to potential project leaders at the proposal stage. Short- and long-term operating and maintenance requirements should be monitored periodically, using a risk-based approach, to ensure that appropriate resources are available over the useful life of the infrastructure.

6.9 Monitoring and auditing activities

The CFI conducts periodic monitoring visits and contribution audits of projects to ensure that the institution complies with the guidelines and manages the funds properly. The CFI reserves the right to make the final determination of eligible costs and fair market value, to disallow expenditures and to reduce the CFI award. To avoid a situation where costs may later be deemed ineligible or incorrectly valued, the institution is advised to contact the CFI early in the process if it foresees a problem in complying with the guidelines for a given project.

6.9.1 Monitoring visits

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

The objectives of the monitoring visits are threefold:

1. Oversight

- Obtain an understanding of key policies, practices, processes and controls in place at the institution for the management of CFI awards and assess their adequacy.

2. Value to the institution

- Disseminate information on CFI policies, guidelines and expectations for accountability and integrity, as well as share examples of good practices used by recipient institutions in managing CFI funds.
- Highlight opportunities to increase efficiencies.

3. Feedback and knowledge building

- Obtain feedback from the institution that will help the CFI ensure that its policies, guidelines and expectations are clear and adequate.
- Gain community knowledge in specific areas of interest to the CFI.

During each monitoring visit, the CFI will review a sample of the institution's Infrastructure Operating Fund expenditures. If a recipient institution has transferred funds to another institution (e.g. an affiliated research hospital or another eligible institution participating in the project), the CFI may monitor the project account at the location where the funds are spent.

6.9.2 Contribution audits

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

A risk-based audit approach is used for the selection of projects to be audited. Various risk factors are considered, such as the value of the CFI contribution and the in-kind contributions, the complexity of the project, and the CFI's experience with both the project and the institution (including findings from monitoring visits). All projects with a CFI contribution exceeding \$10 million are automatically subject to an audit. The risk of a project will determine the scope, timeline, nature and extent of the audit activities. The CFI reviews project risk and assesses the need for audits periodically. The institution will be notified when a project is selected for an audit.

Audit costs are not eligible costs and cannot be reported as such in a CFI-funded project. Within certain guidelines, the CFI will pay for the audit costs out of its administrative budget. However, if an institution has not prepared the required documentation by the dates set by the auditors or has not co-operated with the auditors by providing them with the required information on a timely basis, the CFI may request that the additional costs incurred be paid by the institution.

6.10 Release of infrastructure operating funds

6.10.1 Infrastructure Operating Fund *Award agreement*

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

6.10.2 Requesting the release of the IOF

The institution decides how the IOF is to be divided among eligible projects. The institution has the flexibility to distribute its IOF allocation based on actual operating and maintenance needs as opposed to allocating the exact amount to the project that generated it. The institution is therefore encouraged to carefully review and determine how it can make optimal use of the funding.

The account administrator must submit the request for the release of the IOF online by June 15, as part of the IOF annual report. Only one request per year may be submitted by the institution. Cumulative requests cannot exceed the available allocation (total amount generated by finalized awards) at any given time. A copy of the IOF annual report, signed by the account administrator and the president of the institution or an authorized signatory, must be sent to the CFI. Once validated and approved, the annual request becomes an integral part of the IOF *Award agreement*.

In the case of a multi-institutional project, the inter-institutional agreement should state how the IOF will be shared among the institutions. The recipient institution must submit the annual request on behalf of all of the institutions and is responsible for distributing the IOF in accordance with the terms of the inter-institutional agreement. In addition, the CFI will allow a participating institution to use its own IOF allocation to pay for the operating and maintenance expenses it has incurred for a multi-institutional project if these expenditures are not reported by the recipient institution.

6.10.3 Reporting of actual expenditures

The CFI wishes to keep the administration of this fund as simple as possible, minimizing the documentation and reporting requirements while still ensuring accountability. In addition, actual operating and maintenance expenditures often exceed the IOF allocation. As such, the CFI will require only that an institution demonstrate in the IOF annual report that it had sufficient eligible IOF expenditures (not claimed for reimbursement from another source) for the amount of funding requested. The institution is encouraged to focus its efforts on higher-value items, thus reducing the number of items and associated supporting documentation required. Expenditures reported under the IOF are subject to the usual institutional tendering and purchasing policies and procedures.

The IOF annual report must be completed online and submitted electronically by the account administrator by June 15. A copy of this document, signed by the account administrator and the president of the institution or an authorized signatory, must also be sent to the CFI. The institutions should include in its IOF annual report expenditures incurred for the previous April 1 to March 31 period, including outstanding commitments which are allowed only in cases where the expenditure has been incurred (i.e. work performed, goods received or services rendered) but the invoice was not paid in the period ending March 31. The institution must ensure that expenditures reported have not been claimed for reimbursement from another source. If claimed from another source, the expenditures are not eligible under the IOF.

For multi-institutional projects, the recipient institution must report the actual expenditures on behalf of all of the participating institutions based on the terms of the inter-institutional agreement. If a participating institution has used its own IOF allocation for additional operating and maintenance expenses it has incurred, the participating institution must report them in its own IOF annual report.

6.10.4 Requesting additional disbursements

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

- these expenditures are reported at the end of the year in the IOF annual report for the period in which they were incurred; and
- such an amount is still available in the institutional allocation.

If the actual cumulative expenditures at the reporting date exceed the cumulative payments made by the CFI at that time, the CFI will issue a payment for the difference after receiving and reviewing the IOF annual report. The institution should not report expenditures related to previous periods.

6.10.5 Payment schedule

The CFI pays 100 percent of expenditures reported under the IOF up to the available allocation. There is no holdback amount. The payment schedule is based on the forecasted expenditures provided in the IOF annual report and takes into consideration any CFI excess payment or shortfall for the preceding fiscal year.

The CFI will make instalments as follows:

Table 6.3 – Payment schedules

Annual request	Timing
Under \$1 million	July (100%)
\$1 million or more	July (50%) January (50%)

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

6.10.6 Supporting documentation

The institution must be prepared to provide full supporting documentation for all actual expenditures reported in the IOF annual report:

- Source documents (see [section 6.4.5](#))
- For salaries of highly qualified personnel (technicians or professionals) directly involved in the operation and maintenance of the CFI-funded infrastructure:
 - Description of the operation and maintenance activities performed and certification that the infrastructure cannot be operated without the assistance of the highly qualified personnel. This certification must be obtained annually and must be signed by the employee and approved by the supervisor. The CFI will also accept a certification of this information from another person (e.g. project

leader or department head) if this person is knowledgeable of the activities performed by the employee.

- Supporting evidence for the individual's salary rate and benefits (e.g. letter of hire or change in salary rate, payroll records)
- When reporting the cost of electricity related to CFI-funded equipment, the institution can choose to use a detailed or a simplified method for calculating these costs:
 - Detailed method: The institution must establish an appropriate method to calculate the actual electricity costs and must keep on file supporting documentation.
 - Simplified method: The institution need not calculate the actual electricity costs but must use the provincial rate prescribed by the CFI (rate is updated annually). This rate should be multiplied by the electrical consumption of the equipment. The institution must keep on file supporting documentation.
- When reporting facilities charges related to CFI-funded constructed or renovated space, the institution can choose to use a detailed or a simplified method for calculating these costs:
 - Detailed method: The institution must establish an appropriate method to calculate the actual facilities costs and must keep on file supporting documentation.
 - Simplified method: The institution need not calculate the actual facilities costs but must use the provincial rate prescribed by the CFI for the type of space (rate is updated annually). This rate should be multiplied by the amount of CFI-funded constructed or renovated space. The institution must keep on file supporting documentation.
- Identification of the CFI-funded infrastructure project(s) for which eligible operating and maintenance costs are claimed. The expenditure must be directly related to an infrastructure project eligible to receive the IOF.
- Confirmation obtained by the institution from the project leader(s) (at a minimum annually) that the infrastructure is still used for research purposes. The institution must keep on file these confirmations and provide them upon request. In the IOF annual report, the institution must certify that it has obtained these confirmations.

The following can be found in the "Our funds" section of the CFI website (www.innovation.ca/en/OurFunds/CFIFunds/InfrastructureOperatingFund):

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

The institution must keep on file all documentation for audit purposes for a minimum of six years and provide it upon request. This six-year period starts at the end of the fiscal year to which the records relate.

6.10.7 Monitoring and review activities for the IOF

The CFI reserves the right to review actual expenditures reported in the institutions' IOF annual report. The CFI monitors the institution's management of the IOF award during its monitoring visits and audits. When requested, the institution must provide access to the supporting documentation and other information related to the IOF award, including funds transferred to other eligible institutions. If a recipient institution has transferred funds to another institution (e.g. an affiliated research hospital or another participating institution), the CFI may monitor the award account at the location where the funds were spent.

The CFI reserves the right to make the final determination of eligible costs under the IOF, to disallow expenditures and to recover funds that have been paid out to institution. To avoid a situation where costs may later be deemed ineligible, the institution is advised to contact the CFI if it foresees a problem in complying with the IOF guidelines.

7. EVALUATION AND OUTCOME ASSESSMENT

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To support decision making at the CFI, the Evaluation and Outcome Assessment (EOA) team tracks the outcomes of CFI’s investments to ensure effective program design, implementation and policy development. In addition, the EOA team measures the social and economic impacts of research supported by CFI-funded infrastructure to ensure that the CFI remains accountable to its stakeholders.

As described in the Performance, evaluation, risk and audit framework ([PERAF](#)), the CFI’s national objectives are to enhance the capacity of institutions to:

- support economic growth and job creation, as well as health and environmental quality, through innovation;
- carry out important world-class scientific research and technology development;
- expand research and job opportunities by providing support through research infrastructure for the development of highly qualified personnel;
- promote productive networks and collaboration among Canadian universities, colleges, research hospitals, non-profit research institutions and the private sector.

Drawing on the PERAF, the EOA team collects and analyzes data using the Overall performance evaluation and value-for-money audit, Outcome measurement studies, project progress reports, evaluations of the CFI’s programs and special studies. This information is used to demonstrate the relevance, effectiveness and results of CFI investments to the Board of Directors, the Government of Canada, the Canadian public and other key stakeholders. This information is vital for the CFI to plan its future directions and strategies and to ensure it delivers programs that focus on Canada’s needs as it competes in the global knowledge-based economy. Evaluation-related reports and documents are posted in the “Evaluation” section of the CFI website (www.innovation.ca/en/AboutUs/Evaluation).

7.1 Overall performance evaluation and value-for-money audit

As part of its funding agreement with the Government of Canada, the CFI is required to carry out an Overall performance evaluation and value-for-money audit (OPEA) at least every five years. The evaluation measures the CFI’s overall performance in achieving its objectives. The audit examines the CFI’s processes and practices to ensure that the

funds it receives are used with due regard to economy, efficiency and effectiveness. Institutions inform the OPEA through interviews, surveys or focus groups, as required. In March 2010, the CFI completed its first [OPEA](#). An independent third party conducted the study, and an international panel of seven experts in global research and research funding reviewed the findings and produced an independent report.

7.2 Outcome measurement study

The Outcome measurement study (OMS) is designed to assess the degree to which the CFI's investment in research infrastructure is a critical contributing factor in the realization of five outcomes: strategic research planning, research capacity, highly qualified personnel, research productivity and innovation. The OMS is conducted in partnership with participating institutions and is different from a typical merit-review process in that its primary objective is learning. The scope of the OMS is unique because it looks across an institution and a specific theme rather than examining an individual project or program. The methodology involves an in-depth questionnaire — incorporating both quantitative and qualitative data — that is completed by the institution and then validated by a visiting international panel of experts. The panel's report is the key output of the exercise. More details about the OMS are available in the "Evaluation" section of the CFI website (www.innovation.ca/en/AboutUs/Evaluation).

7.3 Reporting requirements

Each institution is required to submit progress reports, which vary depending on the fund involved. The reporting requirements are described below.

7.3.1 Project progress report

The project progress report helps demonstrate the results of CFI investments in the institution's research infrastructure by looking at a number of indicators: attraction and retention of researchers; training of highly qualified personnel; research productivity; partnerships and collaborations; and social and economic benefits. The report also provides information on issues such as operation and maintenance and the useful life of the infrastructure.

All projects are required to complete the CFI's project progress report, except projects funded through the Automotive Partnership Canada (APC) Fund and the College-Industry Innovation Fund (CIIF) Stream 2, which require the completion of progress reports for the Natural Sciences and Engineering Research Council of Canada (NSERC). The CIIF Stream 1 and the Major Science Initiatives (MSI) Fund also have unique reporting requirements (see [section 7.3.2](#)).

The institution must complete and submit project progress reports electronically by June 30 each year for either four or five years following award finalization, depending on the date of award finalization and the financial value of the CFI contribution.

Projects having completed award finalization by March 31, 2011 (and, therefore, began or continued reporting in 2011), must continue under the former reporting rules, which

required that a project progress report be completed each year for five years following award finalization, regardless of the financial value of the project.

Projects completing award finalization after March 31, 2011, are subject to the new reporting rules. Under these rules, projects with a total CFI contribution of under \$1 million will complete a project progress report on an annual basis for four years, while projects with a total CFI contribution of \$1 million or more will complete the reports for five years. However, all projects falling under the new reporting requirements will begin reporting only when the infrastructure is operational and the associated research project has been initiated.

In either the second year after award finalization (for projects with a total CFI contribution of under \$1 million) or the third year (for projects with a total CFI contribution of \$1 million or more), researchers will be asked to confirm, through the [CFI Awards Management System](#), whether the infrastructure is operational to the extent that their research project has been initiated. Reporting will commence only when a positive response is received. If the respondent researcher has not yet indicated that the infrastructure has achieved operational status by the time the final financial report is submitted, reporting must commence during the next April-June annual reporting period.

Table 7.1 – Reporting requirements

Project size (total CFI contribution)	Number of reports required	Earliest year project progress report series may commence (following award finalization)
Under \$1 million	4	Year 2
\$1 million or more	5	Year 3

The [CFI Awards Management System](#) will provide the necessary information to determine which projects are required to report in a given year.

7.3.2 Other progress reports

Projects funded through the MSI Fund, the APC Fund and the CIIF Stream 1 and Stream 2 are not subject to CFI’s regular project progress reports. The CFI has defined specific performance measures for the CIIF Stream 1 to reflect the nature and impact of this new collaborative program between colleges and the private sector. Reporting requirements for the CIIF Stream 2 and the APC Fund have been developed in collaboration with NSERC, which is jointly co-funding these initiatives.

- Automotive Partnership Canada Fund: an annual progress report to NSERC is required for each project, as well as a final report.
- College-Industry Innovation Fund: Stream 1 and Stream 2 must submit a progress report for each project after 18 months and 36 months, as well as a final progress report three months after the project end date. Stream 1 must submit these reports to the CFI, and Stream 2 must submit them to NSERC. Reporting on performance

measures related to research infrastructure is required as part of the progress reports.

- Major Science Initiatives Fund: On an annual basis, MSIs will provide the CFI with data and information on the status, progress, outcomes and upcoming activities of the MSI, including the latest performance measures for the selected metrics.

7.4 Evaluations and special studies

Retrospective evaluations of individual programs and special studies are performed on a periodic basis, as the need arises. Through these activities, the CFI ascertains the degree to which its national objectives are being achieved and examines issues such as relevance, efficiency, effectiveness, performance, impact and sustainability. The institution may be asked to provide information for these studies through interviews, surveys or focus groups. Given the lengthy time lag in achieving research outcomes, the institution may be approached over the long term for further information after it has received a CFI award.

8. COMMUNICATING RESEARCH IMPACTS

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Since the CFI was established in 1997, its communications activities have focused primarily on addressing Canada’s significant infrastructure deficit, highlighting the role of infrastructure in reversing the brain drain and telling the stories of discovery enabled by CFI-funded infrastructure. Sixteen years later, the CFI is broadening its communications efforts to also focus on the tangible outcomes and results of its investments. This emphasis on “outcome communications” touches not only on the innovations enabled by CFI-funded infrastructure but also on the researchers and institutions behind them, the people benefiting from them and the overall impact on the economic prosperity of Canada and on the quality of life for Canadians.

Canadians are preoccupied with their jobs, health, children, aging parents and housing, as well as the economy, the environment and education, and will be for the foreseeable future. When it comes to research, they care about results that directly affect them and their families or are directly linked to their experiences. They want to know about results that will improve their daily lives, such as cures for diseases, sustainable housing, job creation and green energy

8.1 Opportunities for collaboration

As recipients of CFI funding, institutions have an essential role to play in promoting the outcomes and impacts of research through their own communications initiatives. The CFI asks that its financial support be acknowledged in these activities, as outlined in the [Public Communications Policy of the Federal Research Funding Organizations](#), a policy supported by the CFI. The CFI takes great interest in the communications activities related to the projects it funds. We view our ongoing partnership with communications teams and other collaborators at institutions as critical to conveying the benefits of research to Canadians. To that end, we welcome opportunities to work with institutions to plan and execute initiatives (including events, news releases, feature articles and multimedia material) that will inform government decision-makers and the public of research results and tangible outcomes.

In 2012, the CFI refreshed its brand and updated its website, [innovation.ca](#). We also began producing a variety of economic outcome stories for various publications, including our website and our new monthly e-newsletter, [Innovation now](#), which reaches parliamentarians and stakeholders. We encourage institutions to submit compelling outcome stories, multimedia material or story ideas that highlight the economic benefits enabled by CFI-funded research. Such stories can range from how research is helping maintain or create private-sector jobs to how it is helping develop and commercialize

innovative technology, products and services. For more information and contacts, visit the “Research in action” section of the CFI website (www.innovation.ca/en/ResearchinAction).

8.2 Project progress reports and other updates

Researchers have an opportunity to provide information on their achievements — including the social, economic and environmental benefits of their research for Canadians — in the project progress reports (see [section 7.3](#)) they submit to the CFI. This information provides the CFI’s Communications team with additional leads for the development of outcome and feature stories for use in a range of CFI outreach products. The Communications team may also, on occasion, conduct surveys or initiate other contacts with institutions to gather information on best practices and successful initiatives in research communications.

8.3 Funding announcements

The CFI makes national funding announcements after most of its three annual Board of Directors meetings, which are usually held in March, June and November. The announcements are typically made at a recipient institution and are organized in collaboration with its staff. This provides institutions, their researchers and partners — along with government representatives, the media and the CFI — with an opportunity to highlight the research being conducted in their communities.

In conjunction with each announcement, the CFI highly encourages all institutions receiving funding to issue their own news releases concurrently with the CFI’s national release. Alternatively, some institutions may choose to prepare special profiles on the funded projects and/or the researchers involved for their research magazines, on their websites or through other methods of communication. Please consult the [Public Communications Policy of the Federal Research Funding Organizations](#), which contains important information on the planning and implementation of announcements, as well as other communications activities and products related to CFI-funded research.

ANNEX 1 – SUMMARY OF REFERENCED HYPERLINKS

The CFI corporate website: www.innovation.ca

CFI Awards Management System: www.innovation.ca/en/CFIOnline

Funds and reference forms: www.innovation.ca/en/OurFunds

Complementary information:

www.innovation.ca/en/OurFunds/Complementaryinformation

- Valuation of items involving in-kind contributions
- Construction or renovation cost allocation methods
- Cash back or other types of benefits – Reporting scenarios and examples

Evaluation: www.innovation.ca/en/AboutUs/Evaluation

E-newsletter, *Innovation now*: www.innovation.ca/en/innovationnow

Research in action (success stories): www.innovation.ca/en/ResearchinAction

External websites

Compute Canada: <https://computeCanada.ca/index.php/en/>

Reference documents from external websites

Conflict of Interest and Confidentiality Policy of the Federal Research Funding Organizations:

www.science.gc.ca/Research_Funding_Collaboration/Policies_and_Guidelines/Conflict_of_Interest_and_Confidentiality-WS90108244-1_En.htm

Public Communications Policy of the Federal Research Funding Organizations:
www.science.gc.ca/Research_Funding_Collaboration/Policies_and_Guidelines/Public_Communications-WS711200B1-1_En.htm

Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans:
www.pre.ethics.gc.ca/eng/policy-politique/initiatives/tcps2-eptc2/Default

Health Canada's drugs and health products regulations:
www.hc-sc.gc.ca/dhp-mps/prodpharma/applic-demande/guide-ld/clini/index_e.html

Ethical and legal requirements relating to privacy, confidentiality and security of information: www.cih-irsc.gc.ca/e/22085.html

Canadian Council on Animal Care guidelines: www.ccac.ca/en/_standards/guidelines

Public Health Agency of Canada's *Laboratory Biosafety Guidelines*:
www.phac-aspc.gc.ca/publicat/lbg-ldmbl-04

Canadian Nuclear Safety Commission regulations:
www.nuclearsafety.gc.ca/eng/lawsregs/index.cfm

Canadian Environmental Assessment Act:
www.ceaa.gc.ca/default.asp?lang=En&n=9EC7CAD2-1

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

- Yukon: www.tc.gov.yk.ca/scientists_explorers.html
- Northwest Territories: www.nwtresearch.com
- Nunavut: www.nri.nu.ca

Agreement on Internal Trade: www.ait-aci.ca/index_en/intro.htm