



# Policy and program guide

2017

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## 1. INTRODUCTION

### 1.1 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, and supporting private-sector innovation.

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; and,
- promote productive networks and collaboration among Canadian universities, colleges, research hospitals, non-profit research institutions and the private sector.

CFI research infrastructure investments support work in all disciplines. CFI funding is awarded through a rigorous merit-review process involving experts from around the world who review proposals and make funding recommendations to the CFI's Board of Directors.

### 1.2 Policy and program guide

The CFI's *Policy and program guide* (PPG) details the eligibility requirements and policies and procedures for institutions to apply for funding and to manage their funded projects.

This document outlines the CFI policies at the pre-application stage, throughout the application process and for the administration and oversight of projects that are awarded funding.

The *Policy and program guide* is updated periodically; an overview of changes to the guide, archived guides and supplemental resources are available on the CFI website, Innovation.ca. A complete description of CFI funds and initiatives, including fund-specific information, are also available on Innovation.ca.

## **2. FUNDING ARCHITECTURE**

The CFI funding architecture is designed to deliver on the organization's mandate by meeting the current needs of the research community, its partners and its stakeholders. It covers the full spectrum of infrastructure: projects to attract a leading researcher; team-led innovative and transformative projects; and, large-scale national projects. The CFI also supports operating and maintenance costs of CFI-funded research infrastructure as well as national research facilities.

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

Complete descriptions of CFI funds and initiatives are available on [Innovation.ca](http://Innovation.ca). Refer to the information for each fund for fund objectives, the application process and any fund-specific eligibility requirements.



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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; or,
- 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; and,
- 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 or co-authored by the institution's researchers over the last three years; and,
- 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; and,
- 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, postdoctoral 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 or co-authored by the institution's researchers over the last three years; and,
- the 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); and,
- 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 or 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 provides 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; and,
- 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.

When an institution decides that equipment purchased with a CFI award has reached the end of its useful life (e.g. is no longer required for the research project, is beyond repair or is completely outdated) the institution is expected to dispose of the equipment according to its internal policies. The CFI encourages institutions to dispose of equipment in an environmentally-friendly fashion and consider whether outdated equipment can be recycled, sold or donated to other researchers or institutions in Canada and abroad (i.e. underdeveloped countries), or other organizations as appropriate. Such considerations should always be subject to appropriate due diligence, risk assessment, reasonableness and discretion.

The CFI also expects institutional equipment disposal policies to ensure that proper precautions and procedures are in place to protect personal research data confidentiality, typically by wiping all research, personal and confidential data in a disposed piece of equipment.

#### **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 ineligible costs are provided below. Additional details of costs relating to personnel, construction or renovation and databases are provided in the following sections. Eligible and non-eligible costs associated with a specific competition are detailed in the relevant fund description on Innovation.ca. 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 subscriptions and 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.
- Salaries (including benefits) of 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 postdoctoral 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:

- the actual salary cost of the individual plus fringe benefits, multiplied by the actual time;
- an internal rate reflecting an average salary cost plus associated fringe benefits, multiplied by the actual time;
- an internal rate reflecting an average salary cost plus associated fringe benefits plus overhead component, multiplied by the actual time;<sup>1</sup>
- an approved internal fee for service, which may include an overhead component;<sup>1</sup> or,
- 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.<sup>1</sup>

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

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

- it is the normal practice of the institution for the employee providing the service or performing the work related to the eligible activity. This means that the practice used to report expenditures for a CFI-funded project must be consistent with the way expenditures are reported for similar services associated with activities that are not related to a CFI-funded project;
- the internal rate, fee or fixed percentage of construction or renovation costs used is the same as that for all other internal clients; and,
- 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 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 (i.e. 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; and,
  - 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; and,
  - 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; and,
- 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; and,
  - 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; and,
  - conducting 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 Advanced research computing**

The CFI expects advanced research computing (ARC) infrastructure to be housed, managed and coordinated by Compute Canada. Therefore, an institution wishing to request ARC infrastructure must develop its proposal in consultation with Compute Canada (see Compute Canada's website for information on the established process to facilitate collaboration with institutions). Such ARC 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; and,
- systems suitable for computational steering and interactive use.

Typically, such systems cost more than \$100,000. In each case, ARC encompasses both the software and environment needed for a given discipline to effectively use 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 operation and maintenance of the infrastructure**

The CFI provides funds to cover a portion of the operating and maintenance costs required for the effective and optimal use of CFI-funded infrastructure. Such costs include technical personnel, maintenance and repairs, and services that are directly associated with funded infrastructure and spaces (see details in the section called “eligible costs” below).

##### **4.7.1 Infrastructure Operating Fund**

The costs of operating and maintaining CFI-funded infrastructure are eligible under the Infrastructure Operating Fund (IOF). Unlike the majority of CFI’s funds, 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, Career Awards and the international funds are not eligible for funding from the IOF.
- The CFI-funded infrastructure project to which it relates must have passed the stage of award finalization. An award agreement would therefore be 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 funding 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 infrastructure or the space essential to house and use CFI-funded infrastructure
- Supplies and consumables needed to operate the research infrastructure (not to exceed 10 percent of the cumulative total IOF funding 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 funding)
- Trainee stipends (undergraduates, graduates and postdoctoral 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

#### 4.7.2 Major Science Initiatives

The Major Science Initiatives (MSI) Fund contributes to the ongoing operating and maintenance (O&M) needs of national research facilities for which the loss or absence of support would represent a serious setback for Canada. The total CFI funding, including from the Infrastructure Operating Fund (for facilities housing CFI-funded infrastructure) must not exceed 40 percent of a facility's total eligible costs. A complete description of the MSI Fund is available on Innovation.ca.

#### 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 an infrastructure<sup>2</sup> 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)
- Federal funding and programs administered by the Tri-Agencies (e.g. Networks of Centres of Excellence, Canada Research Chairs, Research Support Fund, College, Community Innovation Program and Canada First Research Excellence Fund)
- Knowledge Infrastructure Program and Strategic Investment Fund

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	\$160,000
Maximum CFI funding (40%)	(\$64,000)
<b>Eligible partner contributions</b>	<b>\$96,000</b>

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<sup>2</sup> See fund-specific eligible partner contributions for O&M costs (MSI) on Innovation.ca

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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-Agency program, the Knowledge Infrastructure Program or the Strategic Investment Fund 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 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. 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 fund. Expenditures are considered incurred when goods are received, services have been rendered or work has been performed. Eligibility dates are provided in the Call for Proposals for each fund and competition year. A list of eligibility dates is also available on Innovation.ca (see Policy and program guide and supplemental information page).

## 5. APPLICATION AND REVIEW PROCESS

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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 an 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.

##### **Authorized signatory**

The authorized signatory is authorized to sign and submit the letters confirming the submissions of Notices of Intent, proposals and award agreements. The authorized signatory is also authorized to submit Notices of Intent, proposals, award finalization forms and project progress reports in the CFI Awards Management System (CAMS).

##### **Account administrator**

The account administrator has custody of the CFI funds and is accountable for the institution's CFI financial accounts, related records and supporting documentation. The account administrator is authorized to sign award agreements and submit award finalization forms, financial reports and Infrastructure Operating Fund annual reports in CAMS.

##### **Liaison**

The liaison interacts with the CFI on a day-to-day basis. The liaison is authorized to submit Notices of Intent, proposals, award finalization forms, amendment requests and project progress reports in CAMS. The liaison is also authorized to submit the strategic research plan.

Any changes to these designates should be communicated to the CFI. The institutional agreement, a fillable PDF form, is available on Innovation.ca and should be completed for the submission of new or revised agreements. The signed and scanned form should be emailed to the CFI's Senior Programs Officer who is assigned to that institution.

### **5.1.2 Strategic research plan**

The CFI requires each eligible institution to submit a strategic research plan (as either a summary (maximum of five pages) or full 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, an institution should:

- outline the major objectives of the strategic research plan;
- outline the priority areas of research and research training;
- outline 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; and,
- describe the planning and approval process (including the involvement of affiliated entities).

Proposals submitted to the CFI are expected to be aligned with the institution's strategic research plan. For specific funds, the CFI provides the strategic research plan to the review committees. The CFI thus expects the institution to update the CFI 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 project. In signing the institutional agreement, the institution agrees to conform to the relevant regulatory requirements, applicable laws and guidelines, including but not limited to:

- Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans;
- Health Canada's drugs and health products guidance documents on clinical trials;
- Tri-Council Policy Statement: Privacy and confidentiality;
- Canadian Council on Animal Care (CCAC) guidelines for animal care;
- Public Health Agency of Canada's Laboratory Biosafety Guidelines;
- Canadian Nuclear Safety Commission regulations, recommended procedures and safety precautions;
- all provincial, territorial and federal government regulations pertaining to environmental assessment, as outlined in the Canadian Environmental Assessment Act;
- licensing and regulations for research and research facilities for the Yukon, Northwest Territories and Nunavut; and,
- the federal government's Canadian Environmental Assessment Act, 2012, Conflict of Interest Act and the Lobbying Act.

## **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 Innovation.ca — see the fund-specific guidelines for the submission of a Notice of Intent and proposal. The proposal must be completed by researchers and submitted electronically by the institution through CAMS. 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 has established a rigorous merit-review process that rewards excellence. The CFI relies on experts from across Canada and around the world to ensure that only the very best projects receive funding. CFI funding is awarded to institutions, not individual researchers, and all proposals must support an institution's strategic research plan.

Eligible Canadian institutions apply to the CFI through a suite of funds, and all applications are assessed using three broad criteria:

- quality of the research and the need for infrastructure;
- contribution to strengthening the capacity for innovation; and,
- potential benefits of the research to Canada.

Each CFI fund has specific key objectives and assessment criteria that are detailed in fund-specific documents (e.g. Call for Proposals and guidelines) on Innovation.ca. Applicants must demonstrate how the project satisfies the requirements outlined for each assessment criterion or fund objective.

### **5.4 Merit-review process**

All proposals requesting CFI funding are subject to formal independent merit-review. In the case of the competition-based funds (e.g. Innovation Fund, College-Industry Innovation Fund, Major Science Initiatives Fund, Cyberinfrastructure Initiative), the review process will determine the degree to which a proposal satisfies the assessment criteria relative to competing proposals. In the case of the John R. Evans Leaders Fund, which is an allocation-based fund, the review process will determine the degree to which a proposal satisfies the criteria relative to CFI standards of excellence.

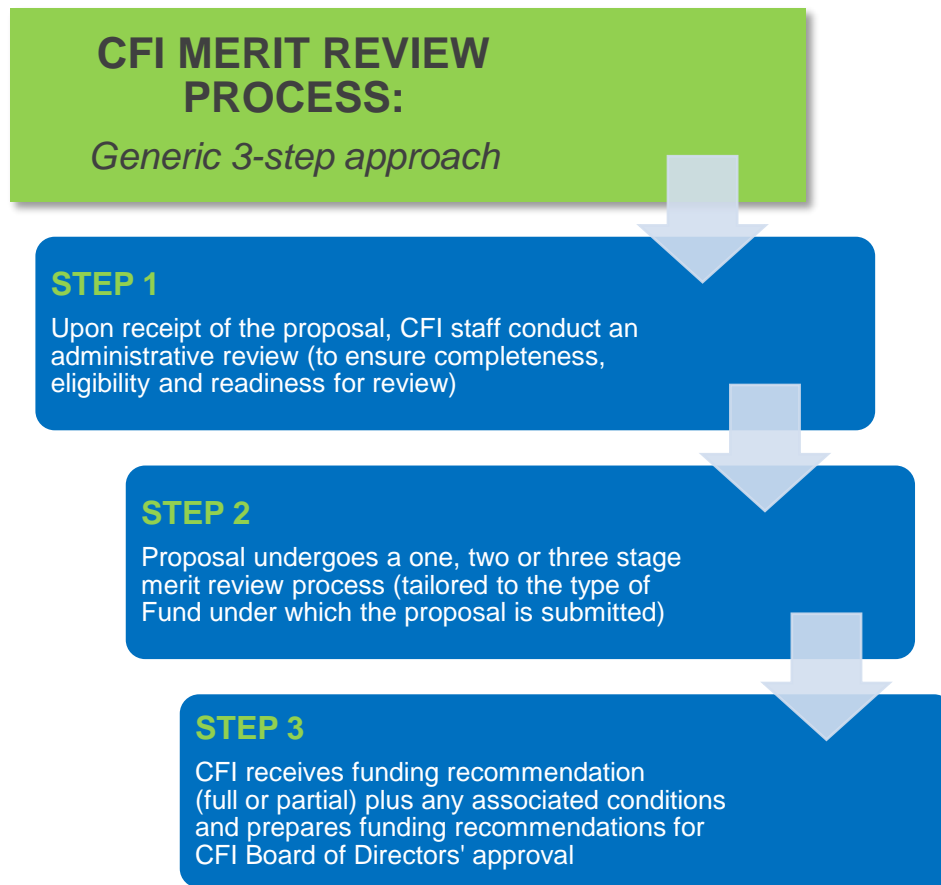
It is incumbent upon the applicant to demonstrate in the proposal how the project satisfies the requirements outlined for each assessment criterion. Depending on the fund and the nature of the request, the CFI will use one or a combination of different types of reviews. These are outlined below.

Competition-based funds (e.g. Innovation Fund, College-Industry Innovation Fund, Major Science Initiatives Fund, Cyberinfrastructure Initiative) typically use a two- or three-stage review process:

- the Expert Committee stage;
- the Multidisciplinary Assessment Committee (MAC) stage; and,
- the Special Multidisciplinary Assessment Committee (S-MAC) stage.

Allocation-based funds (e.g. John R. Evans Leaders Fund) typically use a one-stage review process conducted by external experts. An Advisory Committee is used for more complex cases.

The following diagram provides an overview of the merit-review process:



#### **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 [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.

### **6.1.1 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.

### **6.1.2 Institutional management and oversight**

Effective institutional management and oversight of CFI-funded projects requires 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 award finalization form, to be submitted electronically in CAMS;
- if required, an updated budget, to be submitted electronically in CAMS; and,
- 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; and,
- 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; or,
  - 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**

The updated budget must be submitted through the amendment module in CAMS.

### **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; and,
  - 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); and,
- 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. John R. Evans Leaders Fund), and compelling justification has been provided; or,
- 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:
  - the project is unique and complex (e.g. unique technology, national or international scope);
  - the project is confronted with an exceptional situation that could not reasonably have been predicted at the application stage, despite due diligence;



- the project is confronted with a funding shortfall that jeopardizes its success, timeliness and relevance;
- 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;
- the institution provides evidence of a thorough investigation of alternative approaches showing that it cannot reduce the scope of the project; and,
- 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 sends the account administrator and the liaison a payment notification via email.

### **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; and,
- 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](#)). For a description of reporting scenarios relating to acceptance of cash back and other benefits offered by a supplier, and related examples, visit our Policy and program guide and supplemental information page on Innovation.ca.

### **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 the Call for Proposals for each fund and competition year (see Innovation.ca). 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 is included in our Policy and program guide and supplemental information page on Innovation.ca. 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; and,
- 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-72.34-2017).

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
Actual salary + benefits, multiplied by the actual amount of time spent	Time records signed by the individual and approved by the supervisor supporting the amount of time and the activities performed (e.g. time sheets)
<b>OR</b>	
Internal rate reflective of average salary + benefits, multiplied by the actual amount of time spent	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. For a sample template, visit our Forms and templates page on Innovation.ca.
<b>OR</b>	
Internal rate reflective of average salary + benefits + overhead component, multiplied by the actual amount of time spent	
Fee for service	Description of services rendered or work performed
Fixed percentage of construction or renovation costs for architectural and/or engineering and/or project management costs	Description of services rendered or work performed

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>
Internal rate reflective of average salary + benefits + overhead component, multiplied by the actual amount of time spent	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
<b>OR</b>	
Fee for service	Description of the method used by the institution to establish the rate, fee or fixed percentage
<b>OR</b>	
Fixed percentage of construction or renovation costs for architectural and/or engineering and/or project management costs	<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. For examples of acceptable cost allocation methods, visit the Policy and program guide and supplemental information page on Innovation.ca; and,
  - confirmation from the architect of:
    - the actual gross and net floor areas for the entire undertaking; and,
    - 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 confirmation<sup>3</sup> 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.

### **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.

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<sup>3</sup> This confirmation can be provided in a quotation, competitive bid document, invoice or letter.

The following can be found on the Policy and program guide and supplemental information page on Innovation.ca:

- examples of methods that can be used to assess fair market value and circumstances where an appraisal may be required; and,
- 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)
<hr/>	
Price after normal and educational discounts/ Fair market value (eligible cost)	\$400
Discount offered as a contribution toward the CFI-funded project (eligible in-kind contribution)	(\$100)
<hr/>	
<b>Net selling price (cash consideration)</b>	<b>\$300</b>

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-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; and,
- 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 the 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; or,
  - 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; or,
- 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; or,
- 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**

The institution must submit change requests through the amendment module in CAMS. 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.

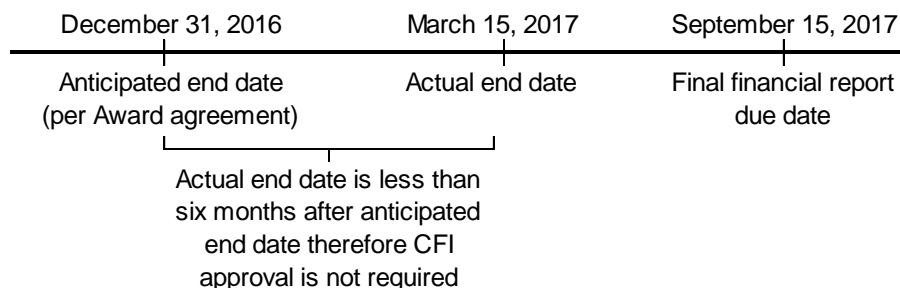
The CFI monitors the implementation of projects using the forecast information provided in financial reports; therefore, it is important that this information be reasonably accurate. If there are delays in a given project, the CFI may need to revise the timing of its instalments to the project to more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

### **Project completion**

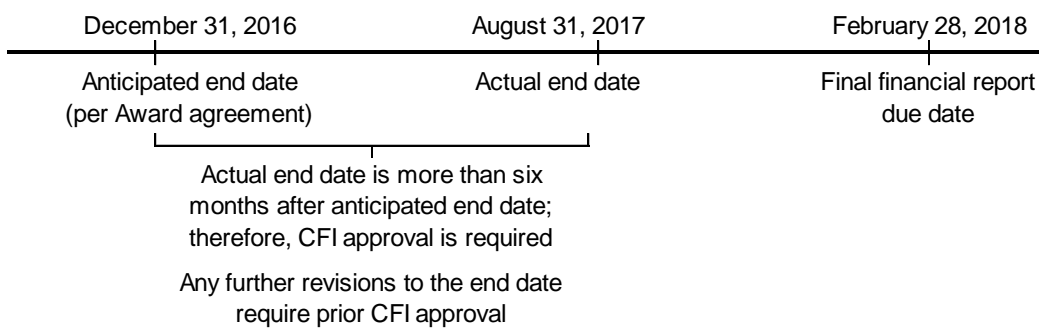
The institution must normally complete the project within the anticipated end date indicated in the award agreement. The institution can incur expenditures after the anticipated end date without requesting prior CFI approval as long as the actual end date falls within six months of the anticipated end 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). The end date is not the date of submission of the final financial report.

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 per the Award agreement. If the end date of a project has been extended once, any further revisions to the end date require prior CFI approval. The institution has six months after the actual end date to submit the final financial report. See the examples in Figures 6.1 and 6.2.

**Figure 6.1 – End date – prior CFI approval not required**



**Figure 6.2 – End date – prior CFI approval required**



### 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 John R. Evans Leaders Fund project; or,
- 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 related projects that have experienced cost overruns. Such requests should be made to the CFI Senior Programs Officer assigned to your institution. 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 CFI will withhold all payments when an institution does not comply with reporting requirements for all projects.

The institution must submit all financial reports electronically in CAMS.

### 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; and,
- 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; and,
- 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.

The objectives of the monitoring visits are threefold:

- Oversight:
  - understand and assess the adequacy of the key policies, practices, processes and controls in place at the institution for the management of CFI awards
- Value to the institution:
  - provide information on CFI policies, guidelines and expectations for accountability, integrity and communication with stakeholders, and share examples of good practices used by recipient institutions in managing CFI awards.
  - bring to the institution's attention possible areas to improve efficiency
- 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 knowledge in specific areas of interest to the CFI.



During each monitoring visit, the CFI may 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 award**

The institution decides how the IOF funding 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 institution must submit the request for the release of the IOF funding electronically in CAMS 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. 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 funding 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 funding 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 institution by June 15. 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.

The CFI will withhold all payments when an institution does not comply with reporting requirements for all projects.

### **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 operating 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 space essential to house and use CFI-funded infrastructure, 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 space essential to house and

use CFI-funded infrastructure. 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 funding from 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 sample templates can be found on the Infrastructure Operating Fund page on Innovation.ca:

- reporting salaries of technicians and professionals;
- cost of electricity related to CFI-funded equipment; and,
- facilities charges related to space essential to house and use CFI-funded infrastructure.

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 institution's 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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The CFI rigorously evaluates and analyzes the outcomes and impacts of its investments in research infrastructure to support informed decision-making and demonstrate its relevance, effectiveness and impact to key stakeholders.

The acknowledgement of CFI funding will help the CFI track the outcomes and impacts of its investments. Therefore, it is expected that those using the infrastructure to conduct their research will highlight the CFI project number from which it was obtained when publishing in scientific journals or conference proceedings.

### 7.1 Reporting requirements

All projects funded by the CFI are required to submit progress reports. The reporting requirements vary depending on the fund, as described below. The institution must ensure that all reports that are due are submitted in a timely fashion. The institution has until June 30 of each year to complete and submit progress reports through CAMS (cumulative results as of March 31 of that year). The CFI will withhold all payments when an institution does not comply with reporting requirements for all projects.

#### 7.1.1 Project progress report

The project progress report helps demonstrate the results of CFI investments in 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 an opportunity for respondents to give information on issues such as operations and maintenance and the useful life of the infrastructure.

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.

Project progress reporting will commence only when the infrastructure is operational. An infrastructure project is deemed operational once one of the following two conditions is met:

- The institution has submitted a final financial report for the project to the CFI. The first project progress report will be required by June 30 following the end of the fiscal year (March 31) during which the final financial report was submitted.
- A positive response to the operational status question in CAMS. 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), project leaders will be asked to confirm through CAMS whether the infrastructure is operational to the extent that their research project has been initiated. A positive response will initiate the reporting cycle for the project with the first project progress report required by June 30 in the same fiscal year. If a negative response is provided,

the operational status question in CAMS will be asked again the following year unless the final financial report was submitted in the interim.

CAMS will provide the necessary information to determine for which projects the infrastructure operational status and the project progress report are required in a given year.

### **7.1.2 Other progress reports**

For specific funds, projects are subject to different reporting requirements (e.g. Major Science Initiatives Fund, College-Industry Innovation Fund). The Call for Proposals for each fund and the terms and conditions of project award agreements include detailed information regarding reporting requirements.

## **7.2 Evaluations and thematic studies**

In addition to the collection and analysis of project progress reports, the CFI periodically conducts retrospective evaluations of its funds and thematic studies that, among other things, demonstrate the degree to which it achieves its objectives. The institution, its researchers, or its partners may be invited to provide information for these studies through their participation in interviews, surveys or focus groups. Given the amount of time that can elapse between research activities and the realization of tangible benefits, institutions may be approached for further information related to CFI awards and their outcomes beyond the financial reporting and progress reporting periods indicated above.

## 8. COMMUNICATIONS

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To communicate its activities and results to a wide audience and to support research communities with their outreach efforts, the CFI seeks out collaborations with institutions to plan and execute initiatives — including events, news releases, stories, multimedia products and social media campaigns — that will inform government decision-makers and the public of the research being enabled by CFI-funded infrastructure, and the outcomes and impacts it has on Canadians.

### 8.1 Acknowledging CFI support

As a way to better measure and promote the impact of the research enabled by our funding contributions, the CFI expects that institutions, communications staff and project leaders acknowledge CFI support in all public communications activities and products, including institutional and scholarly publications, presentations, media relations, op-eds and facility or lab openings.

The CFI's corporate name (Canada Foundation for Innovation) and/or official logo are appropriate identifiers for acknowledging contributions. To download the CFI's logo in a variety of colours and formats, please visit [Innovation.ca](http://Innovation.ca). Institutions are also asked to place CFI-branded stickers, which are available by contacting the office's main contact number (613.947.6496), on each relevant piece of lab equipment. Please refer to the Government of Canada's Public Communications Policy of the Federal Research Funding Organizations for a summary of additional institutional responsibilities concerning communications about federally funded research.

Institutions may also work with the CFI's communications staff to determine additional or alternative ways to highlight its support. For further inquiries on how to acknowledge CFI support, please contact the CFI's communications team.

### 8.2 CFI and Government of Canada joint funding announcements

When the CFI and the Government of Canada make joint public announcements, institutions may be called upon to host these events, with the help of the CFI's communications team. Funding announcements provide 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 and/or communications material concurrently with the CFI's national release.

### 8.3 CFI communications and social media

Institutions are encouraged to submit story ideas or multimedia materials that communicate the value and impact of the research enabled by the CFI's investments in infrastructure. Researchers and communications teams should also be prepared to connect with CFI staff, should a research project or lab be chosen for any CFI communications product.

When applying for funds, institutions are asked to provide a brief plain language summary of their research projects, and once awarded, CFI-funded institutions are expected to complete a project progress report. This information provides the CFI's communications team with additional ideas for the development of outcome and feature stories for use in a range of CFI outreach products. The CFI ensures its subjects give permission and approve the content before it is published on Innovation.ca and distributed through social media.

The CFI is committed to providing communications and services to the public in both English and French. Occasionally, the CFI curates content on its corporate site from funded institutions. If this content is not available in both official languages, the CFI will work collaboratively with institutions to translate it, with the exception of some multimedia material and social media posts.

The CFI is active on social media, particularly Twitter, Facebook, LinkedIn, YouTube, SoundCloud and Flickr. Institutions, communications teams, researchers and their partners are strongly encouraged to follow and engage with the CFI on these various platforms. The CFI's communications team also welcomes opportunities to collaborate on social media campaigns, and is committed to promoting third party content, to help support a vibrant research community in Canada.

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.

#### **8.4 The Navigator**

The CFI's Research Facilities Navigator is a searchable online directory of participating research facilities that are open to collaborating with other institutions and the private sector. Where appropriate, institutions are encouraged to submit a profile of their research facilities, equipment and expertise as a way to promote themselves to potential research partners. For more about the Navigator, or to submit a profile to the online directory, please visit Innovation.ca.



## ANNEX 1 – SUMMARY OF REFERENCED HYPERLINKS

- CFI's corporate website: [Innovation.ca](http://Innovation.ca)
  - CFI Awards Management System (CAMS): [Innovation.ca/cams](http://Innovation.ca/cams)
  - Funds and reference forms: [Innovation.ca/awards](http://Innovation.ca/awards)
  - Supplemental information:  
[Innovation.ca/awards/policy-and-program-guide-and-supplemental-information](http://Innovation.ca/awards/policy-and-program-guide-and-supplemental-information)
    - Valuation of items involving in-kind contributions
    - Construction or renovation cost allocation methods
    - Cash back or other types of benefits – Reporting scenarios and examples
- Results & Impacts: [Innovation.ca/results-impacts](http://Innovation.ca/results-impacts)
- Newsletter, *Innovation now*: [Innovation.ca/about/newsroom/newsletters](http://Innovation.ca/about/newsroom/newsletters)
- Success stories: [Innovation.ca/stories](http://Innovation.ca/stories)
- The Navigator: [navigator.innovation.ca](http://navigator.innovation.ca)

### External websites

Compute Canada: [www.computecanada.ca](http://www.computecanada.ca)

### Reference documents from external websites

- Conflict of Interest and Confidentiality Policy of the Federal Research Funding Organizations: [www.science.gc.ca/eic/site/063.nsf/eng/h\\_90108244.html](http://www.science.gc.ca/eic/site/063.nsf/eng/h_90108244.html)
- Public Communications Policy of the Federal Research Funding Organizations: [www.science.gc.ca/eic/site/063.nsf/eng/h\\_711200B1.html](http://www.science.gc.ca/eic/site/063.nsf/eng/h_711200B1.html)
- *Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans*: [www.pre.ethics.gc.ca/eng/policy-politique/initiatives/tcps2-eptc2/Default](http://www.pre.ethics.gc.ca/eng/policy-politique/initiatives/tcps2-eptc2/Default)
- Health Canada's drugs and health products regulations: [www.canada.ca/en/health-canada/services/drugs-health-products/drug-products/applications-submissions/guidance-documents/clinical-trials.html](http://www.canada.ca/en/health-canada/services/drugs-health-products/drug-products/applications-submissions/guidance-documents/clinical-trials.html)
- *Tri-Council Policy Statement: Privacy, confidentiality*: [www.pre.ethics.gc.ca/eng/policy-politique/initiatives/tcps2-eptc2/chapter5-chapitre5/](http://www.pre.ethics.gc.ca/eng/policy-politique/initiatives/tcps2-eptc2/chapter5-chapitre5/)
- Canadian Council on Animal Care guidelines: [www.ccac.ca/en/standards/guidelines](http://www.ccac.ca/en/standards/guidelines)
- Public Health Agency of Canada's *Laboratory Biosafety Guidelines*: [www.canada.ca/en/public-health/services/canadian-biosafety-standards-guidelines/laboratory-biosafety-guidelines-3rd-edition-2004.html](http://www.canada.ca/en/public-health/services/canadian-biosafety-standards-guidelines/laboratory-biosafety-guidelines-3rd-edition-2004.html)
- Canadian Nuclear Safety Commission regulations: [www.nuclearsafety.gc.ca/eng/acts-and-regulations/regulations/index.cfm](http://www.nuclearsafety.gc.ca/eng/acts-and-regulations/regulations/index.cfm)
- Canadian Environmental Assessment Act: [www.canada.ca/en/environmental-assessment-agency/corporate/acts-regulations/legislation-regulations.html](http://www.canada.ca/en/environmental-assessment-agency/corporate/acts-regulations/legislation-regulations.html)

- Licenses for facilities in the Yukon, Northwest Territories and Nunavut
  - Yukon: [www.tc.gov.yk.ca/scientists\\_explorers.html](http://www.tc.gov.yk.ca/scientists_explorers.html)
  - Northwest Territories: [nwtresearch.com](http://nwtresearch.com)
  - Nunavut: [www.nri.nu.ca](http://www.nri.nu.ca)



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