



Canada Foundation for Innovation
Fondation canadienne pour l'innovation

Brief to the
Legislative Committee on Bill C-2 (CC2)

Eliot A. Phillipson
President and CEO

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1. Overview of the Canada Foundation for Innovation

The Canada Foundation for Innovation (CFI)—established as a foundation by the Government of Canada in 1997—has the mandate to strengthen the capacity of Canadian universities, colleges, research hospitals, and other non-profit research organizations to carry out world-class research and technology development that benefits Canadians. More specifically, the CFI’s focus is on the provision of infrastructure to support leading-edge research.

Nine years into its mandate, the CFI has invested \$3.01 billion in over 4,600 research infrastructure projects at 127 institutions in 62 municipalities. Sound decisions on such investments require advice from people knowledgeable in matters related to research and its potential benefits, as well as to the infrastructure needed to support this research. The CFI Board makes the final decisions on all projects following an independent and competitive process that involves an in-depth and rigorous review by experts and multidisciplinary committees made up of individuals from Canada and abroad.

Through a unique funding partnership, the CFI funds up to 40% of a project’s infrastructure costs. The funded institution commits its own resources and works with its partners—provincial governments, municipal governments, private sector, federal departments, and the voluntary sector—to generate the remaining balance required to complete these projects.

Investments from the CFI and partners have had a significant impact on the capacity of the Canadian research community to compete internationally. State-of-the-art infrastructure is helping to:

- transform the way research is done;
- create a strong and vibrant research environment across Canada;
- attract and retain excellent researchers;
- enhance research productivity and the training of highly qualified people;
- build new national and international networks and partnerships.

The research enabled by this infrastructure is also generating benefits for Canadians through the creation of spin-off ventures, the commercialization of discoveries, as well as better health, environment, and public policy for the benefit of all Canadians.

The Foundation is not an agent of Her Majesty and is autonomous by statute. Because of its unique status as an independent organization entrusted with large amounts of public money, the CFI places paramount importance on operating in an economical, effective, and transparent manner, and to communicating its activities and results to a wide audience. The CFI also requires institutions to be accountable and to report publicly on results.

This document is divided into three sections and provides information related to well established practices already in place at the CFI:

- **CFI Governance and Accountability structure**
- **Evaluation and Outcomes – Value for Money**
- **Benefits of the foundation model**

More information on the CFI, its programs, and its results is available on the CFI website: www.innovation.ca.

2. CFI Governance and Accountability Structure

The CFI's Governance and Accountability Structure is summarized in the chart on the following page and is briefly described below.

2.1 Governance

The CFI is governed by a Board of Directors which makes final decisions on projects to be funded, and sets strategic objectives in the context of the funding agreement between the CFI and the federal government.

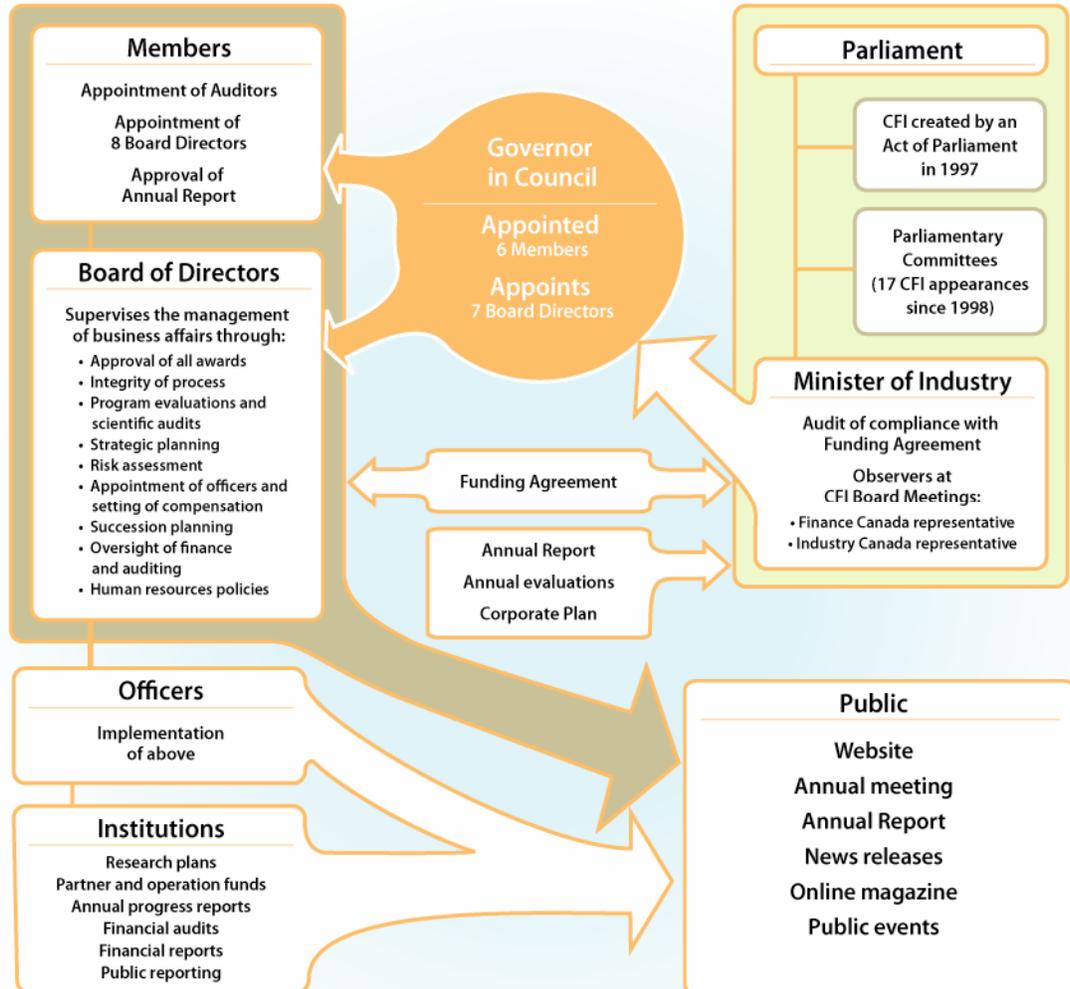
The Board of Directors also oversees management's responsibilities for financial reporting through its Audit and Finance Committee and its Investment Committee. These Committees review the financial statements and provide recommendations to the Board of Directors. The other key responsibilities include reviewing the budgets, internal control procedures, investments, and advising the Directors on auditing matters and financial reporting issues.

The Board of Directors reports to 15 Members—a higher governing body similar to a company's shareholders, but representing the Canadian public. The Members are responsible for the appointment of eight of the 15 Directors of the Board. The seven others, including the Chair, are appointed by the Governor in Council. Members also appoint individuals to replace Members whose term has expired.

The Board of Directors, staff, and reviewers sign a *Statement on Ethics* to deal with any conflict of interest issues.

The CFI Board recently won the prestigious *Conference Board of Canada / Spencer Stuart 2006 National Awards in Governance* in the Public Sector category. These awards celebrate bold and innovative solutions to governance challenges, and recognize organizations that have broken the mould in the search for governance excellence.

Governance and Accountability



2.2 Accountability

The CFI accountability structure includes accountability to Parliament, accountability to the government (represented by the Minister of Industry), an internal accountability mechanism, accountability of award recipients, and accountability to the public. Full accountability is a central objective of the CFI.

2.3 Accountability to Parliament

The CFI having been entrusted with over \$3.65 billion in Federal funds is fully accountable to Parliament and adheres to the highest standards of probity and ethical conduct.

As required by the legislation, annually, the CFI reports publicly on its activities and performance as part of its evaluation framework and conveys it to the Government via the Minister of Industry. The annual report identifies and includes the following:

- Financial statements, prepared in accordance with generally accepted accounting principles, as approved by the Board and the report of the external auditors respecting those statements;
- Detailed statement of the CFI's investment activities during the year, its investment portfolio (in generic terms in accordance with the Funding Agreement guidelines), and its investment policies, standards, and procedures;
- Detailed statement on its activities;
- Summary of the evaluation of the overall results achieved by the funding of research infrastructure during the year and since its inception;
- Corporate plans including planned expenditures, objectives, and performance expectations;
- Disclosure of compensation for officers of the corporation.

In addition, the CFI has made 17 appearances before parliamentary committees since its inception in 1997 and has a process in place to provide briefings to Members of Parliament, Senators, and senior government officials.

2.4 Accountability to the Minister of Industry

The Funding Agreement between the CFI and the Government of Canada, approved by Treasury Board, sets out the terms and conditions under which the CFI must operate—including investments, eligible recipients, eligible projects and costs, selection criteria, and evaluation.

The CFI submits to the Minister the results of independent third-party evaluations of its grants in accordance with a framework and timeframe approved by the Board of Directors. These evaluations assess the overall performance in achieving the national objectives identified in the Funding Agreement.

The CFI's Funding Agreement with the Government of Canada has been amended a number of times to strengthen the accountability provisions—in particular with respect to annual reporting requirements and to enable the government to have audits carried out or, to ask the Board to have audits carried out, to ensure compliance with the terms of the Funding Agreement.

More specifically, the Minister may require that an audit of the books and records of the CFI be carried out by such person appointed by the Minister, or he may request that the Board have an independent audit of the books and records carried out, to ensure compliance with the terms of the Funding Agreement.

The CFI provides a corporate plan annually to the Minister of Industry. Such corporate plans include planned expenditures, objectives, and performance expectations relating to the federal funding received.

The Funding Agreement also provides that, where the Minister is concerned about the probability of default, the Minister will discuss the concerns and work to rectify within 30 days. In the event that the default has not been rectified to the Minister's satisfaction, the Minister may require the CFI to repay all or part of the Grant, or any related revenue not otherwise committed.

Also important to note is that if the CFI is wound up or dissolved, any remaining amounts not otherwise committed may be repaid to the government or, at the discretion of the Minister, distributed among all the eligible recipients that have received grants from the CFI in proportion to the grants received.

Representatives of Industry Canada and Finance Canada attend meetings of the CFI's Board of Directors as observers.

2.5 Internal Accountability Mechanisms

2.5.1 Merit Review Process

Eligible Canadian universities, colleges, research hospitals, and non-profit research organizations can apply for CFI funding. Before submitting proposals to the CFI, institutions must prepare strategic research plans that outline their priorities for research and infrastructure.

Applications must meet the three CFI criteria:

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

The assessment process involves the rigorous and independent evaluation of each project's strengths and weaknesses against the three criteria. This task is accomplished by experts in the relevant fields, either alone or in committee, depending on the size and complexity of the project. Decisions are made by the Board of Directors.

2.5.2 Financial Controls

CFI financial statements and processes are reviewed annually by an independent external audit firm (currently Ernst and Young). They report directly to the Audit and Finance Committee of the Board of Directors.

Awards are paid only when all conditions are met, including a statement that the partner funding has been secured. The CFI estimates that approximately \$1.9 billion will have been paid by March 31, 2006. Funds held by the CFI are invested in low-risk securities, in accordance with strict guidelines outlined in the Funding Agreement. The Investment Committee provides advice to the Board, through the Audit and Finance Committee, with respect to compliance of investments with the terms of the Funding Agreement. Since 1997, the return on the investment has averaged 5.67% per annum.

2.5.3 Auditing

Consistent with the practices of well-managed organizations, the CFI has implemented a strong internal control environment to carry out its activities. This environment was created to ensure an appropriate segregation of duties, as well as a thorough review process and an adequate approval process over cash disbursements and investment decisions (i.e., appropriate checks and balances are in place to ensure that the funds are properly handled).

The internal controls implemented at the CFI are widely accepted in the business and public community and are reviewed by external auditors as part of their annual external audit of the CFI's financial statements.

Given the recent events in the accounting and reporting environment in North America, the Board has taken prudent measures to ensure that adequate accountability and governance practices are in place, as well as to ensure that there is adequate auditor independence.

In addition to external audits, since our inception, internal audits have been conducted by independent external audit firms.

Auditors reviewed, as two separate internal audit engagements, the CFI's approval process as well as the award disbursement process. The reviews concluded that the controls in place were sufficient and adequate, and suggestions were implemented.

The Board approves a risk management plan on an annual basis. The internal auditor has established an internal audit charter, and has reviewed and proposed a risk management plan. The charter was approved by the Audit and Finance Committee, allowing the internal control environment to be reviewed thoroughly by the auditor, in the priority sequence identified by the Board.

The CFI also carries out audits of awards (see below) and is developing a process for outcome assessment visits of completed infrastructure projects.

2.6 Accountability of Awards Recipients

All approved projects with a CFI contribution greater than \$4 million are subject to independent audits (conducted by an external audit firm) at the institution. In addition, a sampling of all other projects is audited internally by the CFI. Audits conducted to date concluded that institutions use CFI funding in a responsible manner. The CFI also conducts regular monitoring visits to confirm the soundness of financial accounting practices at the institutions.

Institutions themselves have their own boards and have independent auditors that review their financial statements. In other words, there is also an independent financial audit process at each institution.

2.7 Accountability to the Public

Keeping Canadians informed about the impact of investments in research infrastructure continues to be a top CFI priority.

The following are examples of the CFI's commitment to public accountability:

- The Annual Report is distributed to over 3,000 individuals (in hard copy), and to another 3,000 electronically via CFI's website.
- An annual public meeting is held each year and is widely publicized in several of Canada's leading newspapers. Over 1,000 invitations were sent out last year.
- The Corporate website includes comprehensive information on the CFI, its programs, and its review processes. It includes lists of awards, and a searchable database of awards, as well as evaluation reports, institutional reports, and analyses of progress reports.
- The CFI publishes InnovationCanada (www.InnovationCanada.ca), an electronic magazine demonstrating benefits of research to Canadians. This bi-monthly online magazine receives over 3 million hits monthly.
- An ongoing municipal outreach initiative aimed at informing municipalities of the impacts of the CFI investments in their communities and participates every year in the Federation of Canadian Municipalities' annual conference.
- The CFI recognizes that institutions have the responsibility to report to the public on the research enabled by infrastructure and strongly encourages them to do so.
- Over 100 events annually to provide opportunities for Members of Parliament and government representatives to join the CFI and client institutions in showcasing the research enabled through CFI investments.
- Every news release announcing new investments includes a Government of Canada approved quote. This quote is usually attributed to the Minister of Industry.

- Institutional clients receiving new investments are encouraged to issue a concurrent regional news release containing a quote from the local Member of Parliament.

The CFI has adopted policies that are consistent with the privacy and access to information policies of the federal government. These policies outline the access and privacy principles to which the CFI adheres and describes how the CFI uses and discloses personal information. The CFI also provides its communications and services to the public in both official languages (French and English) in accordance with the spirit and intent of Part IV of the *Official Languages Act*, R.S.C. (1985) c.31.

3. Evaluation and Outcomes—Value for Money

As per the Funding Agreement, the overall evaluation framework was developed by external experts for the CFI in 1998 to measure its overall performance in achieving the national objectives identified in the Funding Agreement. This framework is consistent with evaluation practices across the federal government. Similar to evaluation approaches for other R&D support programs, the framework retains a flexibility to incorporate advances in outcome assessment and evaluation. The framework called for a series of program evaluations to be launched over several years. Evaluations have been undertaken for the New Opportunities Fund, Innovation Fund, University Research Fund, and College Research Development Fund. In partnership with the federal granting agencies, an evaluation of the Canada Research Chairs Infrastructure Fund was also completed.

The Minister may, after consultation with the CFI, choose to conduct his own evaluations at his own cost.

In addition to these program evaluations, the CFI conducts other forms of analyses for the assessment of outcomes. Institutions receiving CFI support are required to submit an annual report, and to ensure that all projects funded at their institution do likewise, for each of the five years following the CFI award. These projects and institutional reports are reviewed; a summary analysis report is prepared, and posted on the CFI's website. This process has been in operation since 1999. The submission rate of the individual progress reports for 2005 was 96%. A total of 2,805 project progress reports were received.

The results of the evaluations and analyses are clear: overall, the programs have had a marked impact and are meeting the objectives set out by the government. The following examples were taken from the *2005 Analysis of Impacts of Funded Projects*.

- **Canada has reversed the tide and now has a "brain gain"**
State-of-the-art infrastructure has proven to be key in attracting the best researchers from all over the world. Since 2000, the availability of state-of-the-art infrastructure has been a major factor in attracting almost 7,200 new faculty members to Canadian universities. Of these, nearly 1,500 came from the U.S., more than 1,200 from other countries, and the remainder from Canada.
- **The CFI helps meet Canada's need for knowledge workers**
Since 2000:
 - 34,100 post-doctoral and graduate students have undertaken research projects where the CFI funded infrastructure was or is a key resource. These trainees will become the knowledge workers for Canada's R&D-based business, a need that is expressed by many sectors of society, including private, public, and non-profit;
 - more than 8,900 students with experience on the latest infrastructure have completed their training and joined the private, public, or non-profit sectors in a working capacity in Canada;

- more than 9,600 technical support staff have been trained on the use and maintenance of state-of-the-art research infrastructure.
- **Canada is regarded as a significant international player**
In the last year:
 - more than 5,000 visiting researchers from around the world made use of state-of-the-art infrastructure in Canadian universities, research hospitals, and colleges;
 - close to a 1,000 researchers attracted international funding. More than half stated that infrastructure had a significant impact on their ability to attract this funding.
- **Collaboration with private-sector partners and service agencies**
 - In the last year, approximately 3,500 individuals from the private, public, and non-profit sectors used CFI-funded research infrastructure.
 - Since 2000, more than 1,600 research collaborations between institutions and the private, public, and non-profit sectors have made use of CFI-funded infrastructure.
 - Of the 38% of researchers that received research funding from industry in the last year, more than half indicate that the infrastructure had a significant impact in attracting that funding to support their research projects.
- **The CFI is helping to build community-based technology clusters**
 - CFI-funded infrastructure projects are located in 62 municipalities across Canada. In many cases, this state-of-the-art infrastructure serves as a magnet for the attraction of investment and talent.
 - Technology clusters are developing—both large and small—centered on areas such as biotechnology, information and communications technology, fuel cells, pharmaceuticals, and more.
- **Social and economic benefits are emerging**
Since 2000, the availability of infrastructure has helped with the:
 - creation of 150 spin-off companies;
 - generation of 510 new intellectual property rights;
 - development of 564 new or improved public policies and programs;
 - development of 748 new or improved products, processes, or services.

4. Benefits of the Foundation Model

The CFI is meeting the objectives set out in its legislation and its Funding Agreement. The CFI is responsible for implementing government policy. The Foundation model enables the CFI to do this well and in the best interest of the public.

The foundation model has enabled the CFI to plan its investments in an orderly manner and to design innovative and flexible programs with a medium and long-term perspective. Most importantly, it has encouraged institutions to develop strategic plans for research and research infrastructure. The transformation of research is a long term process. Knowing that funds will be available in seven years, ten years, and beyond for new infrastructure projects or to provide infrastructure to new researchers is invaluable to institutions and researchers.

"...[F]oundations will continue to operate as they have since their creation. The Government will retain the use of foundations as an important policy tool on the same governance principles. The independence, financial stability and focused expertise of foundations allow them to address specific challenges in a highly effective manner.

Foundations have become important vehicles for implementing policy, particularly in areas such as research and development, where expert knowledge, third-party partnerships and peer review are especially important."

Federal Budget 2006

It can be challenging to fund major capital projects with annual appropriations when funds have to be spent within a given fiscal year. The foundation model ensures the timely spending of the funds and allows for very effective planning and flexible implementation of research infrastructure projects. This model has made it possible for the CFI to design programs that are well adapted to institutional priority setting and planning processes. For example:

- Holding major competitions over an 18 to 24 month cycle rather than on an annual basis has been beneficial for both the institutions and the CFI. It has enhanced the institutional research planning activities, the merit review of projects using international benchmarks, and the successful implementation of complex projects.
- Recruiting the very best researchers is most challenging at a time of intense international competition. By providing institutions with the flexibility to call on funding at different levels over a number of years, the CFI recognizes the different hiring patterns among the various institutions. This allows them to plan recruitment over the long term so that they hire the best people at the right time.

Furthermore, the CFI can pay the awards when partner funding is secured and when projects are ready to start. Funds can be disbursed in a timely fashion as required by the project implementation schedule. Changes can be made to that schedule and to the cashflow when needed.

The independent merit review process whereby experts make recommendations on the funding of proposals in a highly non-partisan manner is a key benefit of the model. The fact that the CFI's mandate covers all disciplines encourages multidisciplinary research and the sharing of equipment across faculties and departments.

Another major benefit of the model is the development of funding partnerships. Institutions, working with provincial governments, industry, and others have contributed 60% of infrastructure costs. The foundation model greatly facilitates the leveraging of additional resources as institutions work with their partners to raise the necessary funding.

In summary, our experience of the last nine years has shown that this model can work in an efficient, economical and effective manner, and has resulted in innovative multidisciplinary infrastructure projects that are unlikely to have been funded through other possible mechanisms.

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Chief Executive Officer, Ontario Cancer Research Network

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Stella Thompson
Principal, Governance West Inc.

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Appendix 3

PRIVACY AND ACCESS TO INFORMATION

The Canada Foundation for Innovation (CFI) promotes an open and transparent approach to communications with a focus on information sharing while respecting the privacy of its client institutions and their researchers. Although the CFI is not subject to the federal Access to Information Act, the Privacy Act, or the Personal Information Protection and Electronics Documents Act, it operates in a transparent manner while respecting the principles of freedom of information and protection of privacy.

PRIVACY

In connection with its funding activities, the CFI collects personal information about individuals involved in the proposals that it considers and the projects that it funds. The CFI also collects personal information about other individuals with whom it communicates in the course of delivering its programs and activities. This policy outlines the access and privacy principles to which the CFI adheres and describes how the CFI uses and discloses personal information.

Principles

The CFI access and privacy provisions are based on the following principles, which are drawn from the Canadian Standards Association's *Model Code for the Protection of Personal Information*, recognized as a national standard in 1996.

- 1. Accountability:** The CFI is responsible for personal information under its control and has designated the Vice-President, Corporate Services, accountable for the CFI's compliance with its principles.
- 2. Identifying Purposes:** The purposes for which personal information is collected shall be identified at or before the time the information is collected.
- 3. Consent:** The knowledge and consent of the individual are required for the collection, use or disclosure of personal information, except when inappropriate.
- 4. Limiting Collection:** The collection of personal information by the CFI shall be limited to that which is necessary for the purposes identified. Information shall be collected by fair and lawful means.
- 5. Limiting Use, Disclosure, and Retention:** Personal information shall not be used or disclosed for purposes other than those for which it was collected, except with the consent of the individual or as required by law. Personal information shall be retained only as long as deemed necessary for fulfillment of those purposes.

6. Accuracy: Personal information shall be as accurate, complete, and up-to-date as is necessary for the purposes for which it is to be used.

7. Safeguards: Personal information shall be protected by security safeguards appropriate to the sensitivity of the information.

8. Openness: the CFI shall make readily available to individuals information about its policies and practices relating to the management of personal information.

9. Individual Access: Upon request, an individual shall be informed of the existence, use and disclosure of his or her personal information and shall be given access to that information. An individual shall be able to request a correction of factual inaccuracies.

10. Challenging Compliance: An individual shall be able to address a challenge concerning compliance with the above principles to the Vice-President, Corporate Services.

Collection, Use and Disclosure of Personal Information

In program delivery

The CFI requires its institutional applicants to provide certain personal information about project leaders and researchers involved with the projects for which funding is sought. Such information includes, but is not limited to, curriculum vitae, contact information, academic affiliation, and area of work. The CFI also requests applicants to provide names, contact information and areas of expertise of potential reviewers for the application. Moreover, the CFI solicits comments from reviewers and committees related to applications for funding, which may include comments respecting the suitability, expertise and qualifications of the project participants either individually or collectively. This information is used in connection with the CFI's review of an application.

The CFI uses personal information collected in connection with funding applications to review such applications, to administer and monitor grants of funding and to promote innovation in Canada. As part of the review process, application information is disclosed to independent reviewers and members of committees drawn from the academic, private and public sectors. All of these individuals are informed of the CFI's obligations to protect such information and agree to comply with such obligations.

The CFI may publish or otherwise disclose in its corporate communications including press releases and on its web site, information on approved funding applications and reports respecting on-going projects for which funding has been approved. The purpose of these communications is to publicize projects that are funded by the CFI. Such disclosure/publication may include the names, titles, and affiliations of project leaders and researchers, and with their specific consent, comments provided by them, with attribution for communications purposes.

Information contained in applications may be disclosed to potential third party funding partners or granting agencies for a proposed project, for purposes of application review and for project administration (Joint Review).

The CFI may use information provided to it in connection with funding applications to identify prospective reviewers.

The CFI also uses personal information provided in connection with funding applications for purposes of its internal management, administration and evaluation requirements. In this regard, the CFI may use and disclose personal information for program planning, evaluation and review, in audits, and for generating statistics for these activities. Personal information provided to contractors and consultants in the context of these activities is subject to confidentiality/ nondisclosure provisions.

The CFI routinely publishes and disseminates certain information about successful applications. Such information may include information about project leaders and researchers including name, institution and department affiliations and field of work or research.

Non-program delivery

The CFI also collects limited personal information through its web site and electronic mail related to persons who express interest in receiving the CFI's on-line magazine, news releases, and email bulletins, as well as persons who make requests for help or systems troubleshooting. Personal information collected in these activities is used only for the purpose that it is collected and is not used or disclosed for any other purpose.

Consent for Use and Disclosure of Personal Information

The CFI requires applicant institutions to obtain the consent of all project leaders and researchers to the inclusion of their personal information in applications and to its use and disclosure in connection with the CFI's review of funding applications and for project administration, as described above. Where disclosures for Joint Review purposes form an integral part of a joint-funding program which has been clearly described to applicants and project participants in the CFI program literature, the above consent will include consent of project participants to such disclosure. Where disclosure for Joint Review was not anticipated and has not been so described, the institution will seek the express consent of participants to such disclosures. Consents given in connection with program delivery (funding applications, etc.) may not be withdrawn. Consents to participation in non-program delivery activities such as mailing lists may be amended or withdrawn at any time (see below).

Information Retention

The CFI retains information obtained in connection with funding applications for a period sufficient for completion of its purposes related to an application including administration, reporting, assessment and audit.

Keeping Personal Information Accurate

The CFI will correct any factual inaccuracies in personal information held by it in response to satisfactory evidence provided by the individual to whom it relates, or by an applicant with the knowledge and consent of the individual to whom it relates.

Protecting Information

The CFI uses appropriate security measures to protect against loss, theft, or unauthorized access, disclosure, use or modification of personal information collected by it. Such measures involve physical, organizational and electronic security procedures and systems. The CFI requires that its employees keep all personal information confidential and comply with its personal information security standards through its Code of Ethics and its HR policies. The CFI requires third parties who are provided with personal information, including its independent reviewers and members of committees and its contractors to keep such information confidential, to use it only for the specific purpose for which it was provided, and to manage and protect it at all times in accordance with standards established by the CFI.

The CFI takes appropriate measures to ensure that upon disposal and destruction of records, confidentiality of personal information is maintained.

Access to Personal Information

Any individual whose information has been collected and is held by the CFI may request access to that information. Upon request, the CFI will advise individuals of the existence, use and disclosure of their personal information on file with the CFI. There will be no cost for reasonable requests to access information unless the individual requests copies of records, makes multiple requests, or the request involves significant retrieval costs. The CFI will not respond to requests for access to personal information that are frivolous, vexatious or repetitious.

In certain circumstances, the CFI may be unable to provide access to some or all of the personal information that it holds about an individual. Such circumstances include, for example, those in which personal information about the individual cannot reasonably be separated from personal information of others, or cannot be disclosed for reasons related to personal security, solicitor-client privilege or commercial confidentiality.

Requests for Access; Questions, Concerns; Withdrawal of Consent

Individuals may request access to their information, address any questions or concerns regarding their personal information or change or withdraw their consent to the CFI's use of their information, in accordance with this policy by contacting the CFI's Vice-President, Corporate Services:

by mail to: Canada Foundation for Innovation
230 Queen Street
Suite 450
Ottawa, Ontario
K1P 5E4

Attn: VP, Corporate Services

by telephone: 613-947-6496

by email: info@innovation.ca

ACCESS TO NON-PERSONAL INFORMATION

In addition to providing access to personal information held by it, the CFI will respond to requests for non-personal information provided to it by the research community and the general public. Such requests will be processed in accordance with the principles of the *Access to Information Act* to the extent applicable to the CFI. Requests for information should be made by contacting the relevant CFI program or corporate section directly in the first instance. Where disclosure of the information may be withheld for privacy or other reasons, CFI program staff will refer the request to the Vice-President, Corporate Services

CANADA FOUNDATION FOR INNOVATION (“CFI”)

COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION – PROJECT LEADERS AND RESEARCHERS - APPLICATION FOR INFRASTRUCTURE FUNDING

In connection with an application to the CFI by [name of institution] (“the Institution”) for funding for the [descriptive title] research infrastructure project, the Institution proposes to collect and provide to the CFI certain personal information (including name, department affiliation, and curriculum vitae) relating to the project leader and researchers who will use the infrastructure if the application is approved.

The Institution has obtained the consent of the project leader and all researchers designated in the project application to the collection, use and disclosure of their personal information in connection with the project, as described in the CFI’s Privacy and Access to Information Policy.

This information will be used by the CFI primarily for reviewing applications and administering and monitoring awards. It may also be used and disclosed, in whole or in part as appropriate, for the following related purposes:

- consultations, if necessary, with pertinent agencies for the purposes of Joint Review,
- identifying prospective expert reviewers and committee members,
- administering and monitoring awards,
- program planning and evaluation, audits,
- statistical studies conducted by the CFI on the funding of research and research training in Canada,
- publicity purposes with the specific consent of the individual, and
- sharing information with agreed upon potential third party funding partners and funding agencies.

For a more complete description of the uses, disclosures, and management practices related to personal information by the CFI, please see the full text of the CFI’s Privacy and Access to Information Policy document (www.innovation.ca).

The Institution has provided a copy of the CFI’s Privacy and Access to Information Policy to the project leader and researchers designated in the project application.

Name (Please print)

Signature

CEO or authorized representative

Telephone:

Fax:

E-mail:

Protected when completed.

For reference only

CANADA FOUNDATION FOR INNOVATION (“CFI”)

**INDIVIDUAL PERSONAL INFORMATION CONSENT – PROJECT LEADERS
AND RESEARCHERS - APPLICATION FOR INFRASTRUCTURE FUNDING FOR
USE WITH COMMON CV**

In submitting this CV to the Canada Foundation for Innovation (CFI), I accept responsibility for the accuracy of all the information entered. I understand that personal information provided to the CFI will be safeguarded. It will be used and disclosed in accordance with the CFI’s Privacy and Access to Information Policy which is based on the principles in the Canadian Standards Association’s Model Code for the Protection of Personal Information.

I also understand that my personal information will be used by the CFI primarily for reviewing applications and administering and monitoring awards, and that it may also be used and disclosed, in whole or in part as appropriate, for the following related purposes:

- consultations, if necessary, with pertinent agencies for the purposes of Joint Review,
- identifying prospective expert reviewers and committee members,
- program planning and evaluation, audits,
- statistical studies conducted by the CFI on the funding of research and research training in Canada, and
- publicity purposes with the specific consent of the individual, and
- sharing information with agreed upon potential third party funding partners and funding agencies.

I have read the full text of the CFI’s Privacy and Access to Information Policy document (www.innovation.ca) which contains a more complete description of the uses and disclosures of personal information by the CFI and its information management practices and I consent to the uses and disclosures of my personal information by the CFI as described in that policy.

I agree and wish to continue

I disagree and wish to return.

Protected when completed.



Canada Foundation for Innovation
Fondation canadienne pour l'innovation

Appendix 4

March 22, 2006

Mr. Trevor Shaw CA, CMC
A/ Director General
Audit and Review
Office of the Privacy Commissioner
112 Kent Street
Ottawa ON
K1A 1H3

Dear Mr. Shaw:

I am writing in reply to your letter of February 7, 2006, requesting our views on whether the Canada Foundation for Innovation (CFI) is subject to a privacy law, as well as some general information about the kinds of personal information that we manage, and our privacy management practices. I am pleased to respond to your questions in the order that you posed them.

- 1. Has your organization determined what privacy related laws in Canada it is subject to? Specifically, does your organization believe that it is subject to either the federal Privacy Act or PIPEDA, or to any provincial privacy acts(s)? If so, please specify. If you are of the opinion that you are not subject to the Privacy Act or PIPEDA, would you please outline the reasons.**

We have determined that the CFI is not subject to either public sector or private sector privacy legislation. Specifically, the CFI is not subject to the federal *Privacy Act* or the *Personal Information Protection and Electronic Documents Act* (“PIPEDA”). The CFI has operations only in the province of Ontario, which has not enacted general private sector privacy legislation. Therefore we have concluded that the CFI is not governed by any provincial private sector privacy law.

Our reasons for concluding that the CFI is not subject to either the *Privacy Act* or PIPEDA are the following:

... 2

(i) *Privacy Act*

The *Privacy Act* applies only to a “government institution”, which is defined as any federal government department or ministry, or other body or office, listed in the schedule to the Act. The CFI is not listed in the schedule.

(ii) PIPEDA

PIPEDA applies to organizations that collect, use or disclose personal information in the course of commercial activities and to employee personal information collected, used or disclosed by an organization in connection with the operation of a federal work, undertaking or business.

The CFI’s primary activities relate to the receipt and granting of funds for research and technology development purposes. We have determined that these activities are not “commercial activities”. The CFI does conduct certain investment activities related to managing funds that it holds, which may be considered commercial activities; however it does not collect any personal information in connection with these activities. Therefore we have determined that PIPEDA does not apply to the CFI’s activities or to personal information collected in connection with these activities.

We have determined also that the CFI does not operate a federal work, undertaking or business. Therefore we have determined that PIPEDA does not apply to employee personal information collected, used or disclosed by the CFI.

2. Does your organization manage (e.g., collect, use, disclose, or store) personal information? If so, what type of personal information and in what volume?

The CFI manages three main categories of personal information as enumerated below. These categories encompass most of the personal information managed by the CFI for purposes related to its grant programs, or in connection with human resources management activities. These would likely constitute the categories of information that the CFI would be obliged to describe as "personal information banks" if it was subject to federal Privacy Act. To the extent that CFI receives and manages other kinds of personal information, it tends to be collected or received on an ad hoc basis.

i) personal information related to project leaders, researchers and other individuals associated with proposals for support for research infrastructure projects submitted to the CFI by eligible research institutions.

(As background context, it is important to know that the CFI provides grants for research infrastructure projects, not to support the direct costs of conducting research. For this reason, CFI's "applicants" are research institutions, not individuals. CFI accepts applications only from eligible Canadian research institutions, for example, from specific Canadian universities, colleges, research hospitals and non-profit research institutions. This is in marked contrast to the federal granting agencies (the Natural Sciences and Engineering Research Council (NSERC), the Social Sciences and Humanities Research Council (SSHRC) and the Canadian Institutes of Health Research (CIHR), which provide support for the direct costs of research, and which therefore receive grant and scholarship applications directly from individual professors and students. While the CFI does "collect" limited personal information - for example, about the qualifications of the project leaders and key researchers identified in a given proposal - this personal information is not collected directly from these individuals; rather, it is pre-collected by the institutions to meet CFI's application requirements.)

This category of personal information pertains to individuals identified by the applicant institutions as the project leaders and key researchers associated with a given research infrastructure funding proposal. Personal information includes the curriculum vitae, academic affiliation, area of work, contact information, etc. In addition, the CFI solicits the views of volunteer experts on the strengths and weaknesses of the proposals. Since one of the criteria that these reviewers are asked to comment upon is the ability of the research group to exploit and manage the proposed infrastructure, reviews may include personal information in the form of opinions. In general, CFI reviews tend to focus on the strengths and weaknesses of the project participants as a group rather than on specific members; however, by definition, the comments could contain personal information to the extent that they relate to the entire team, or to identifiable individuals.

This personal information is used by CFI to make decisions about project proposals and to monitor awards. To do this, proposals are disclosed in confidence to expert peer reviewers and CFI committees recruited for the purpose of providing expert advice to assist decision-making. In the case of joint-funding programs, proposals may be shared with officials in other participating organizations or federal funding agencies, but only where such disclosures have been specifically identified to applicants in advance. The personal information in proposals is also used by the CFI to identify prospective experts and to contact them to determine whether they consent to participate in CFI's review process. For a more complete description of the uses and disclosures of this information please see the enclosed document on **Privacy and Access to Information**.

This category includes information related to about 15,000 individuals, which represents an estimate of all the researchers formally associated with CFI applications since the CFI was established in 1997.

ii) personal information about experts recruited by the CFI to assist with review of funding proposals

This category pertains to individuals who have been or who may be recruited to participate as volunteers in CFI's adjudication and review activities, either as CFI committee members or as experts on specific proposals. Much of this information is obtained when applicants are asked to provide the names, contact information, and the areas of research expertise of individuals qualified to provide expert views on their respective project proposals. CFI may also identify other experts based on suggestions from staff and committee members, for example. There are approximately 4,500 such individuals. Because many of the CFI's reviewers are recruited from among researchers associated with successful CFI proposals, there is overlap between the individuals whose personal information is contained in CFI applications and those identified as prospective reviewers. There is a consent mechanism in the sense that prospective reviewers are contacted to determine whether they are willing to participate, at which point their personal information is verified. Moreover, upon agreeing to participate they are advised about, and must agree to abide by, CFI's privacy and confidentiality requirements, which apply equally to their own personal information.

iii) personal information about employees

This category pertains to CFI employees including former employees. It would apply to 54 current employees and to about 102 individuals altogether since CFI was established. For a more complete description, the specific kinds of personal information, its uses and disclosures, and CFI's privacy management framework see the enclosed document entitled: **Employee Privacy Policy**.

3. Please outline the policies, procedures, and practices your organization has in place to protect personal information. You are invited to provide a basic description of your privacy management framework and send related documentation.

The enclosed documents provide reasonably complete descriptions of the CFI's privacy policies and management frameworks as they apply to the research community, employees and the public. They are largely self-explanatory. I also encourage you to consult our web site, which is very comprehensive. Rather than reiterate the content of these enclosures, I will take the opportunity to add a few comments and observations in the hope that they provide some additional context.

The CFI attaches paramount importance to operating in an economical, effective, and transparent manner. Indeed, CFI was recently awarded a prestigious national governance award by the Conference Board of Canada in recognition of its efforts in the area of accountability and transparency. From its creation, the CFI has tried to design its programs taking into account the principles of fairness embodied in the federal Privacy Act and, more recently, the Canadian Standards Association model

code. The federal granting councils in Canada have operated for a generation under the Privacy Act, which has shaped expectations in the university research community with respect to privacy. Moreover, many of CFI's managers and employees were formerly employees of the federal granting agencies, a phenomenon which has doubtless influenced the design of CFI's programs in many ways, including with respect to privacy and information entitlements.

The fact that CFI's applicants are institutions means that, in order to influence the management of the personal information at the earliest juncture, the CFI must begin by influencing participating institutions. CFI has incorporated privacy considerations into the eligibility requirements for research institutions. To be eligible, in other words, institutions must agree to adhere to certain basic privacy requirements. They must ensure that the researchers involved in their infrastructure proposals are made aware of, and consent to, the uses and disclosures of the personal information submitted by the institution to the CFI.

The CFI has contracted to provide privacy awareness training for its employees and plans to do more of this. We have also adapted what we judge to be some of the better privacy practices of the federal councils related to programs, particularly NSERC. For example, to facilitate the full disclosure of feedback to applicants (and associated researchers), CFI provides a fair warning to expert reviewers at the point of collection that their opinions on projects and researchers will be disclosed verbatim to the applicants and researchers to whom they relate.

Finally, while we recognize that there remains work to be done, we believe that we are making good progress, particularly for an organization that is not subject to a law. We believe that transparency, including good privacy practice, is simply good management. I trust that the foregoing and the enclosures will provide you with an insight into the state of privacy management at the CFI. I encourage you to contact our Vice-President External Relations, Suzanne Corbeil, with questions about any aspect of this response.

Sincerely,

Original signed by:

Eliot A. Phillipson, M.D.

Enclosures:

- CFI Privacy and Access to Information Policy (including researcher consent forms)
- Employee Privacy Policy
- Institutional Agreement with Eligible Institutions