



Canada Foundation for Innovation  
Fondation canadienne pour l'innovation

# Policy and Program Guide

**March 2008**

Up-to-date as of March 20, 2008. A revised Section 6 and a new Web version will be available in Fall 2008. Updates will be announced on CFI's Web site.

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# 1. CFI OVERVIEW

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## 1.1 Mission and Mandate

The Canada Foundation for Innovation (CFI) is an independent corporation created by the Government of Canada in 1997 to fund research infrastructure. The CFI's mandate is to strengthen the capacity of Canadian universities, colleges, research hospitals, and non-profit research institutions to carry out world-class research and technology development that benefits Canadians.

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

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

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

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

## **1.2 Funding Architecture**

The CFI funding architecture is based on a three-way program delivery system:

1. Open competitions for transformative infrastructure projects. The Leading Edge and New Initiatives Funds competitions are the main open competitions.
2. Pre-determined allocation-based program which gives universities the flexibility and rapid turnaround time needed to facilitate the recruitment and retention of leading researchers. The Leaders Opportunity Fund addresses this need.
3. Program to defray a portion of operating and maintenance expenses to ensure optimal use of CFI-funded infrastructure. The Infrastructure Operating Fund addresses this need.

## **1.3 Definitions**

### **Infrastructure**

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

### **Innovation**

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

### **Research**

Experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundation of phenomena and observable facts or on new knowledge directed primarily towards a specific practical aim or objective.

### **Technology Development**

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

## **Research Training**

The training of highly qualified personnel through research, including:

- technicians;
- research associates;
- undergraduate students;
- graduate students;
- postdoctoral fellows;
- other trainees.



## 2. FUNDING ARCHITECTURE

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

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3. Program to defray a portion of operating and maintenance expenses to ensure optimal use of CFI-funded infrastructure. The Infrastructure Operating Fund addresses this need.

In addition to the three core programs, the CFI has also provided for strategic investments through the National Platforms Fund and Research Hospitals Fund. Finally, the CFI has created the Exceptional Opportunities Fund to address the rare instances where an exceptional research opportunity would be missed if a project was required to wait out a national competition.

Information related to inactive funds can be found in the "Programs" section of CFI's website under the "Funds" subsection

(<http://www.innovation.ca/programs/index.cfm?websiteid=390>).

### 2.1 Leading Edge Fund / New Initiatives Fund

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

The LEF/NIF competition seeks to strengthen and enhance Canada's capacity for highly competitive research and technology development in areas of institutional priority, in either:

- LEF: leading edge activities that build on past CFI investments at the applicant institution through the Innovation Fund (IF), the International Joint Venture Fund (IJVF), or the Research Development Funds (CRDF or URDF), and that are dependent upon the results and outcomes of these infrastructure projects;
- NIF: promising innovative directions in research and technology development that do not build on past CFI investments at the institution (through the IF, the IJVF, the CRDF, the URDF, the LEF, or the NIF), and that are not dependent on the results and outcomes of past infrastructure projects.

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

- Demonstrate world-class excellence through:
  - world-class research or technology development currently beyond the means of Canadian institutions, and that is linked to new concepts as well as to different and better ways of performing research or technology development;
  - research that capitalizes on significant past CFI investments in areas of strategic importance and institutional strength where the research has been recognized as world class;
  - transformative research that involves new ways of approaching research questions that have the potential to challenge existing perspectives, create new fields of activity, and lead to new technologies;
  - projects that attract and retain the best researchers, and provide a stimulating and innovative training environment.
- Foster partnerships that lead to:
  - synergies among research infrastructure investments and disciplines;
  - collaboration among institutions and with external partners;
  - enhancement of existing networks and new regional, national, and international networks and partnerships.
- Focus on priorities showing:
  - evidence of substantial institutional support and commitment;
  - research and development opportunities that draw on local, national, and international intellectual capital.

- Generate impacts leading to:
  - improvements to society and quality of life, as well as the development of new public policies;
  - socio-economic benefits for Canada through the development and improvement of products and services;
  - facilitation of new technologies development (e.g., proof of concept, prototyping) and the commercialization of research results.

The *Call for Proposals* is available in the “Programs” section of CFI’s website under the “Funds” subsection (<http://www.innovation.ca/programs/index.cfm?websiteid=521>).

## 2.2 Leaders Opportunity Fund

The Leaders Opportunity Fund (LOF) is designed to assist universities in attracting excellent faculty to Canadian universities as well as retaining the best researchers for Canada.

To this end, the LOF offers universities the opportunity to:

- acquire infrastructure for their leading research faculty to undertake cutting-edge research;
- create competitive packages of research support – infrastructure and a portion of operating and maintenance costs from the CFI, direct research costs from partner organizations (e.g. Canada Research Chairs, Tri-Council agencies).

The LOF is an allocation-based fund whereby the CFI predetermines the maximum amount of funding available for each eligible institution. Universities that had a minimum annual average of \$300,000 in sponsored research income (excluding CFI awards) from 2000-2001 through 2002-2003, as reported by the Canadian Association of University Business Offices (CAUBO), have received a LOF allocation. These allocations may be reviewed periodically as new funds are made available to the CFI.

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

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

The LOF is intended to serve the infrastructure needs of individual faculty, or small groups of up to three faculty members where there is a need to share infrastructure.

The LOF is not intended to serve the infrastructure needs of larger groups, centres, departments, or institutions. As such, the CFI will not normally accept proposals under the LOF with total costs in excess of \$1 million.

The LOF has three streams. The nature of the application and review processes will depend upon whether the university is seeking funding for:

1. research infrastructure alone;
2. research infrastructure associated with a Canada Research Chair. Infrastructure should be requested at the time of the chair's nomination or renewal;
3. research infrastructure from the CFI and research support from federal funding agencies. The CFI has partnered with the Canadian Institute for Health Research (CIHR), the Natural Sciences and Engineering Research Council (NSERC), and the Social Sciences and Humanities Research Council (SSHRC) to jointly review applications.

The complete *Program Description* is available in the "Programs" section of CFI's website under the "Funds" subsection

(<http://www.innovation.ca/programs/index.cfm?websiteid=412>).

## **2.3 Infrastructure Operating Fund**

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

When submitting a CFI infrastructure proposal, institutions provide an outline in the application of the anticipated operating and maintenance costs of the infrastructure, and an indication of the sources of funding for these costs for the first five years of operation. Institutions must demonstrate that they have adequate funds to ensure the infrastructure will be operational and sustainable for at least five years. The IOF helps institutions with a portion of these costs to maximize the efficient utilization of CFI-funded research infrastructure.

Each eligible institution receives an IOF allocation and is responsible, in accordance with their IOF Institutional Allocation Plan, for deciding on how the funds are divided among projects admissible under the IOF. The IOF gives institutions maximum flexibility to support projects with different needs and scope, while ensuring accountability. With the exception of projects funded under the Canada Research Chairs Infrastructure Fund, the Leaders Opportunity Fund when the candidate is a Canada Research Chair holder, and International Funds, all CFI projects approved after July 1, 2001 are eligible under the IOF.

The institution's IOF allocation is based on the finalized CFI contribution for eligible projects. Leaders Opportunity Fund projects give rise to an IOF allocation representing 20% of the total finalized CFI contribution. All other eligible projects give rise to an IOF allocation representing 30% of the total finalized CFI contribution. Institutions have the flexibility to distribute their IOF allocation based on actual operating and maintenance needs as opposed to allocating the exact amount to the project that generated it.

Institutions can view the details of their allocation on CFI Online, under the “Institutional Finance Login” section (<http://www.innovation.ca/finance/index.cfm?websiteid=210>).

## **2.4 National Platforms Fund**

The objective of the National Platforms Fund is to provide research infrastructure, resources, and services that meet the needs of many research areas, and that may require periodic reinvestments to stay competitive internationally because of the nature of the technologies. To achieve this objective, a pan-Canadian approach that builds on and transcends the priorities and development plans of single institutions is needed, and requires the support of a number of partners and agencies. So far, high performance computing, knowledge management infrastructure in the social sciences and humanities, as well as digital content infrastructure in the social sciences and humanities have been identified as meeting the purpose and intent of this funding mechanism.

## **2.5 Research Hospital Fund**

To address current and future health challenges, support is needed for research that will lead to groundbreaking discoveries and knowledge that can be translated quickly and effectively into improved health for Canadians, more effective health services and products, and a better health care system.

Research hospitals are meeting these challenges by forming new, multidisciplinary, and solution-oriented research structures. But Canada’s research hospital community requires, among other things, access to high-quality research infrastructure to compete at the international level, and to translate its research results in a timely fashion.

The Research Hospital Fund (RHF) was created by the federal government to contribute to large-scale, hospital-based research initiatives that take full advantage of high-quality equipment, innovative ways of doing research, and increased research capacity as a result of hiring highly qualified personnel. The RHF will help address the needs for further investment in research hospital infrastructure, especially for new and different space that takes a more integrated and multidisciplinary approach to health research.

It should be emphasized that the RHF differs from other CFI programs in one key respect: it is targeted at large-scale projects in which space is a key feature. This distinguishing feature has significant ramifications on eligible costs in that the space requirements are not restricted to that which is essential to house and use the research equipment.

There are two components under the RHF:

1. Large-Scale Institutional Endeavours (LSIE) that require space and other research infrastructure to support excellent research, training, and knowledge translation in one or more research themes of strategic importance to the hospital. Under this component, research hospitals will be seeking funding from CFI and their partners for infrastructure.

2. Regional/National Clinical Research Initiatives (CRI) that seek to build and enhance Canada's capacity for clinical research. This component will provide the opportunity to seek funding for infrastructure from the CFI and funding for research, training and operations from the Canadian Institutes of Health Research. Through the CRI, it is also possible to apply for funding for clinical research, training and operations without infrastructure.

## **2.6 Exceptional Opportunities Fund**

While most infrastructure projects require significant time from conceptualization to implementation, there are rare instances where an exceptional research opportunity will be missed if a project has to wait out the normal cycle of a national competition before a decision can be rendered. To remedy this, the CFI created the Exceptional Opportunities Fund to further assist institutions and their partners to participate in unique opportunities.

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

We expect to consider very few projects under this fund. For this reason, institutions should first approach their CFI Institutional Coordinator. The application process has two steps:

1. The institution submits a letter of intent that addresses the exceptional opportunity, the significance of the partnership, and the urgency and need for funding outside the normal process. A standing multidisciplinary committee will review the justification and recommend to the CFI Board of Directors whether a complete application should be invited.
2. The institution will submit the complete application upon invitation from the CFI. The assessment of complete applications will be tailored to the nature and complexity of each proposal.

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

## 3. ELIGIBLE INSTITUTIONS

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

### 3.1 Eligibility Guidelines

An eligible institution is defined as:

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

or

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

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

#### 3.1.1 Universities

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

- Capacity to support and conduct research
- Ability to grant degrees (minimum Bachelor's level)

- Full qualification to carry out independent research and track record in research for the large majority of faculty members
- Engagement of faculty members in research
- Provision of sufficient time for faculty members to conduct research
- Capacity to provide the basic facilities and services to enable faculty members to carry out research
- No institutional constraints on the publication of research results
- Willingness and ability to administer CFI funding in accordance with the CFI's requirements

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

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

### **3.1.2 Other Post-Secondary Educational Institutions**

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

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



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

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

### **3.1.3 Hospitals**

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

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

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

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

### 3.1.4 Non-Profit Research Institutions

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

- Non-profit status for income tax purposes
- Capacity to support and conduct research
- Existence of an established research and training mission
- Availability of the necessary resources to carry out the research and training mission
- Full-time appointment of researchers to conduct research
- Full qualification to carry out independent research and track record in research for researchers proposed as principal investigators
- Capacity to provide the basic facilities and services to enable researchers to carry out research
- No institutional constraints on the publication of research results
- Willingness and ability to administer CFI funding in accordance with the CFI's requirements

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

- Statutes, incorporation documents and by-laws
- A list of the members of the Board of Directors, including the current occupation of each member
- A detailed outline of the organization's research training activities, including the types (e.g. master's student, post-doctoral fellow, etc.) of individuals trained
- The institution's publication policy
- The CVs of the researchers employed by or appointed to the non-profit research institution (the CVs of researchers having a full-time appointment in another institution are not acceptable)
- Brief descriptions of a representative sample of research conducted at the institution
- A list of publications authored by the institution's researchers over the last three years
- 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 must review the institution's statutes to ensure that the institution is not an agency of the federal government, a provincial government, a territorial government, or a for-profit organization. In cases where the legal status of an institution is unclear, the CFI will seek legal advice in advance of determining the institution's eligibility.

### **3.2 Exceptions**

An institution that is affiliated, federated or closely associated with another eligible institution will not be considered eligible unless it:

- receives its operating budget directly from the provincial or territorial government; and
- has its own Board of Directors.

If the institution does not meet both the above-noted criteria, it will be expected to apply for CFI funding through the eligible institution with which it is affiliated, federated, or closely associated. The eligible institution will receive and administer funding.

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

### **3.3 Exclusions**

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

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

## 4. ELIGIBLE PROJECTS, COSTS AND CONTRIBUTIONS

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The CFI will usually provide funding to a maximum of 40 percent of the total eligible costs of the infrastructure projects it supports. The remainder must be provided by the institution(s) and/or eligible funding partners.

### 4.1 Eligible Infrastructure Projects

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

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

## **4.2 Infrastructure Ownership**

The eligible recipient of the infrastructure shall exercise de facto control over and hold a majority interest in the CFI-funded infrastructure. An eligible recipient is defined as the eligible institution — alone or as a member of a group (the majority of which are eligible institutions) — that receives and administers CFI funding as part of a proposal for an infrastructure project.

The eligible recipient will:

- operate and use the research infrastructure;
- exercise de facto control over and hold a majority interest in the research infrastructure for a period of five years from the date of acquisition and installation of the research infrastructure, or for another period that the CFI deems appropriate;
- assume responsibility to insure all CFI-funded research infrastructure, including powered vehicles.

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

## **4.3 Intellectual Property Ownership**

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

## **4.4 Location of Infrastructure**

The infrastructure will normally be located at the eligible institution(s). The infrastructure may be located outside of the eligible institution when it is demonstrated to the CFI that the alternate location is required and of benefit to the funded project. In these cases, the eligible institution must exercise de facto control over and hold a majority interest in the CFI-funded infrastructure. The infrastructure must normally be located within Canada.

## **4.5 Eligible Costs for Infrastructure Projects**

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

Eligible costs include all goods and services required to bring the new infrastructure into operation, as well as warranties and service contracts included in the infrastructure purchase price. Eligible costs may include taxes (net of credits received), shipping, and installation. However, taxes must not be calculated on the in-kind portion. Eligible costs

must include the full cost of each item, but exclude any part of the ongoing costs of operating and maintaining a facility.

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

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

Examples of eligible and non-eligible costs are provided below. Additional details of costs relating to personnel, construction or renovation, databases, and digital libraries are provided in the following sections. Eligible costs associated with a specific competition are detailed in the relevant *Call for Proposals* archived in the “Programs” section of CFI’s website under the “Funds” subsection (<http://www.innovation.ca/programs/index.cfm?websiteid=6>). If a particular item is not clearly defined as either eligible or ineligible, the CFI will consider the request on a case-by-case basis.

### **Eligible Costs**

- Research equipment and components
- Shipping or transportation of research infrastructure (including brokerage fees, excise taxes and duties)
- Warranty and/or service contract purchased at the same time as the research infrastructure. The initial warranty period plus any extended warranty/service contract period must not exceed five years.
- Software licences. Initial license period plus any upgrade(s) must not exceed five years.
- Laboratory furniture
- Communications infrastructure used for research activities (including infrastructure required for collaborations identified in the proposal)
- Travel to a manufacturer, dealer, or supplier to select the research infrastructure

- Initial training for the main operator(s) of the research infrastructure. It is expected that the main operator(s) will train other users. Alternatively, an initial group training session may be provided by the vendor at the institution.
- Professional, technical, and managerial personnel, consultants, and contractors directly involved in the design, engineering, manufacturing, installation, construction, or renovation of the infrastructure
- Construction or renovation of space essential for housing, and using the infrastructure effectively
- Acquisition of a database, or the time-limited design and development of a database to the point that it is ready for exploitation by a designated research community
- Costs associated with a digital library initiative that builds on the CFI-funded Canadian National Site Licensing Project

### **Non-Eligible Costs**

- Purchase or lease of real property
- Supplies and consumables
- Infrastructure used for teaching and/or clinical care
- Infrastructure used for dissemination activities
- Office supplies and office furniture
- High-speed network access to the regional (Optical Regional Advanced Network) and national (CANet) backbones
- Trainees' stipends (undergraduate student, graduate student, and postdoctoral fellow) and researchers' salaries
- Operating costs related to the general maintenance and overhead of the research infrastructure, and of the building or other facility in which the research infrastructure is situated
- Research-related costs (e.g. primary data collection, recruitment initiatives, publication fees, etc.)
- Conference travel
- Administrative costs not specifically listed as eligible costs

### **4.5.1 Personnel**

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

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

Normally, there are established practices at each institution that dictate how costs associated with internal services will be charged. Although there are various internal practices, these will usually consist of one, or a combination of the following:

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

\*These departments usually operate on a full-cost recovery basis.

The CFI accepts practices 1 and 2 in all instances. Assuming that 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 that the costs of a department which are recovered from the CFI are not claimed for reimbursement from another source, the CFI will accept practices 3, 4 and 5 if:

- this 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 in a CFI-funded project must be consistent with the way expenditures are reported for similar services associated with activities not related to a CFI-funded project;
- the internal rate, fee, or fixed percentage of construction/renovation cost used is the same as the one used for all other internal clients;
- the rate, fee, or fixed percentage used is less or equal to fair market value.

If one of the above conditions is not met, then practices 1 or 2 must be used to report expenditures in a CFI-funded project.

#### **4.5.2 Construction and Renovation**

Infrastructure projects may involve the construction of a new building or the development of new space in an existing building (e.g. new floors, reconfiguration of existing space) only when the new space is essential to house and use the eligible infrastructure being acquired. Where there is an option to either renovate an existing building or construct a new building, the most cost-effective option must be chosen.



## Eligible Costs

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

## Non-Eligible Costs

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

## Cost Allocation for CFI-Funded Construction or Renovation that are Part of a Larger Undertaking

When the CFI funds a portion of a larger construction or renovation undertaking, the estimated costs for the CFI-funded space must reflect, as faithfully as possible, the actual cost of this specific space. Costs for common elements and soft costs must be pro-rated to the CFI-funded portion of the undertaking. It is the responsibility of the institution to develop an appropriate cost allocation method for each project where the CFI-funded construction or renovation is part of a larger undertaking. A framework for

the evaluation of cost allocation methods, as well as examples of detailed and simplified cost allocation methods, are available in the “Finance” section of CFI’s website under the “Frequently Asked Questions” subsection (<http://www.innovation.ca/finance/index.cfm?websiteid=515>). The CFI will allow an institution to use a simplified cost allocation method only if the average cost of the CFI-funded space is representative of, or higher than, the average cost of the overall undertaking.

### **Requirements at the Application Stage**

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

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

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

- Complete description of the entire new space, inclusive of common elements (e.g. corridors, washrooms, etc). The description should include the following information for all areas within the new space:
  - Location(s)
  - Size (in square feet or square meters)
  - Nature (wet lab, dry lab, office, greenhouse, etc.)
- Timeline identifying key dates for the various stages of the proposed construction
- Detailed breakdown of the overall cost of the construction or renovation project, categorized by cost component (i.e. direct construction costs, soft costs, and contingency costs)
- Rationale for special circumstances which may affect the cost
- Overall cost per square foot or meter
- When construction or renovation involves multiple rooms, floor plans of the proposed new area(s), showing where the infrastructure will be located and the scale of the plans

### 4.5.3 Databases

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

#### Eligible Costs

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

#### Non-Eligible Costs

- Research costs to produce a dataset or database, including:
  - Primary data collection
  - Questionnaire development
  - Survey protocol design
  - Development of sampling methodologies
  - Fieldwork
  - Conduct of surveys and interviews
- Non-technical personnel costs (e.g. privacy officers, security auditors, security personnel)
- Routine update of a database
- Access to a database for research use
- Research activities using the CFI-funded database

#### **4.5.4 Digital Libraries**

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

##### **Eligible Costs**

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

##### **Non-Eligible Costs**

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

#### **4.6 Eligible Costs for the Infrastructure Operating Fund**

Under the Infrastructure Operating Fund (IOF), the costs of operating and maintaining the infrastructure are eligible. Each eligible institution receives an IOF allocation for eligible projects. Under the IOF, no partner funding is required. Institutions can view the details of their allocation on CFI Online, under the “Institutional Finance Login” section (<http://www.innovation.ca/finance/index.cfm?websiteid=210>).

Eligible operation and maintenance costs for the IOF respects the following conditions:

- The infrastructure item to which it relates must have been a CFI-funded cost as part of a CFI-funded infrastructure project eligible to receive IOF. With the exception of projects funded under the Canada Research Chairs Infrastructure Fund, the Leaders Opportunity Fund when the candidate is a Canada Research Chair holder, and International Funds, all CFI projects approved after July 1, 2001 are eligible.
- The operation and maintenance activities are needed to ensure the infrastructure can be used to carry out the proposed research.

The CFI assumes that any operating and maintenance costs directly incurred as a result of acquiring the CFI-funded infrastructure are, by definition, additional operation and maintenance costs.

Only the proportion of operation and maintenance costs associated with the research portion of the infrastructure is eligible.

### **Eligible Costs**

- Salaries of highly qualified personnel (technicians or professionals) directly involved in the operation and maintenance of the CFI-funded infrastructure. The full salary of such highly qualified personnel may be eligible if such infrastructure cannot be operated and research cannot be conducted without the assistance of the highly qualified personnel.
- Maintenance contracts
- Extended warranties and/or service contracts (including parts and professional labour) not included in the initial application for the infrastructure project
- Extensions of warranty coverage and software upgrades
- Replacement parts
- Services that directly support the infrastructure (e.g. hydro, security, cleaning). For common costs, only the portion attributable to the infrastructure is eligible.
- Supplies and consumables that are needed to operate the research infrastructure (not to exceed 10 percent of the cumulative total IOF claimed by the institution)

### **Non-Eligible Costs**

- Equipment, installation, and construction or renovation that would be deemed eligible under a CFI infrastructure project
- Upgrades related to the infrastructure
- Extended warranties and/or service contracts included in the initial application for the infrastructure project
- Phone lines, internet, and television cable services that are not needed to ensure the infrastructure can be used for research
- Insurance
- Costs that are not directly related to the CFI-funded infrastructure (e.g. maintenance contract for equipment not acquired through a CFI-funded infrastructure project that is eligible to receive IOF)
- Trainees' stipends (undergraduate student, graduate student, and postdoctoral fellow) and researchers' salaries
- Personnel with a primary responsibility for training users
- Administrative personnel, secretarial services, or clerical personnel which are not directly related to the operation and maintenance of the infrastructure (e.g. research services office, library and finance services)

- Any research costs
- Costs attributed to the dissemination of information such as promotion, publications, or conferences
- Expenditures claimed for reimbursement from another source

#### 4.7 Eligible Partner Contributions

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

##### Eligible Partners (Canadian or foreign)

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

##### Non-Eligible Partners

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

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

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

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

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

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

In addition, partners may contribute to projects for purposes other than 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. However, these contributions will not be counted as part of the funding of infrastructure when the cost sharing formula is applied.

## **4.8 Eligible In-Kind Contributions**

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

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

## **4.9 Valuation and Reporting of Items Involving In-Kind Contributions**

### **4.9.1 Definitions**

The following definitions apply in this subsection:

#### **Fair Market Value**

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

For example:

|                                     |              |
|-------------------------------------|--------------|
| List price                          | \$500        |
| Less: Normal discount (if any)      | (\$20)       |
| Less: Educational discount (if any) | (\$80)       |
| Fair market value                   | <u>\$400</u> |

### **Normal discount**

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

### **Educational discount**

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

### **Special CFI discount**

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

### **Net Selling Price**

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

## **4.9.2 Valuation of Items Involving In-Kind Contributions**

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



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

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

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

#### 4.9.3 Reporting of Items Involving In-Kind Contributions

The value of an item involving an in-kind contribution, as determined in [Section 4.9.2](#), can be reported as an eligible cost in a CFI project.

Associated sources of funding for this item will usually consist of cash and/or an in-kind contribution. It is important to note that only a special discount in excess of normal and educational discounts constitutes an eligible in-kind contribution that can be reported to the CFI. The value of the eligible in-kind contribution is calculated by subtracting the net selling price from the value of the item, as determined in [Section 4.9.2](#).

For example:

|  |              |
|--|--------------|
| <u>Eligible cost:</u>  |              |
| Value of the item, determined in <a href="#">Section 4.9.2</a> | \$400        |
| <u>Eligible in-kind contribution:</u>                          |              |
| Value of the item, determined in <a href="#">Section 4.9.2</a> | \$400        |
| Less: Net selling price*                                       | (\$300)      |
| Eligible in-kind contribution                                  | <u>\$100</u> |
| *Nil in the case of wholly donated items                       |              |

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

#### 4.10 Dates of Eligibility

When applying to the CFI and monitoring actual eligible expenditures and contributions, the institution is responsible for ensuring that cash and in-kind contributions from partners, as well as expenditures incurred by the institution, have taken place after the date of eligibility set for each fund. Expenditures are considered incurred when goods are received, services have been rendered, or work has been performed.

The following table summarizes the dates of eligibility of active funds.

| Fund  | Decision Date                              | Date of Eligibility                                      |
|---|--|--|
| Leading Edge Fund /<br>New Initiatives Fund | June 2009                                  | January 1, 2007  |
| Leaders Opportunity Fund                    | March, June and<br>October of each<br>year | Six months prior to the<br>submission of the application |

The following table summarizes the date of eligibility of inactive funds.

| Fund   | Decision Date                    | Date of Eligibility   |
|--|----------------------------------|---|
| Leading Edge Fund /<br>New Initiatives Fund                      | November 2006                    | January 1, 2004   |
| Innovation Fund<br>(including Regional/National<br>Facilities)   | October 1998                     | July 1, 1997  |
|  | March 1999                       |   |
|  | June 1999                        | January 1, 1999   |
|  | July 2000                        |   |
|  | January 2002                     | July 1, 2000  |
|  | February 2004                    | January 1, 2002   |
| International Joint Ventures Fund /<br>International Access Fund | June 2002                        | July 3, 2001  |
| International Joint Venture Project<br>2005                      | November 2006                    | Not applicable  |
| University Research Development<br>Fund                          | October 1998 –<br>June 2001      | July 1, 1997  |
| College Research Development<br>Fund                             | June 1999                        | July 1, 1997  |
|  | July 2000                        | January 1, 1999   |
| New Opportunities Fund   | August 1998                      | July 1, 1995  |
| Ongoing New Opportunities Fund                                   | September 1998 –<br>October 2005 | Six months prior to the<br>candidate taking up the faculty<br>appointment |
| Canada Research Chairs<br>Infrastructure Fund                    | December 2000 –<br>February 2006 | Six months prior to the<br>candidate taking up the Chair<br>position      |
| Career Awards (Michael Smith<br>Prize or Steacie Fellowship)     | Once a year                      | After the date of the<br>announcement of the award                        |

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### 5.1 Before Submitting a Proposal

#### 5.1.1 Institutional Agreement

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

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

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

Any changes to these should be communicated immediately to the CFI in writing by the president/CEO of the institution. The letter should include the signatures of the new designates. Alternatively, the institution may forward a revised *Institutional Agreement* to the CFI. The *Institutional Agreement* is available on CFI Online at <http://www.innovation.ca/cfionline/index.cfm>.

### 5.1.2 Multi-Institutional Projects

For projects that involve two or more eligible institutions that will share the CFI funding, the proposal must be submitted by one of these institutions acting in the capacity of lead institution. Other participating eligible institutions must be identified in the proposal and must also have signed the *Institutional Agreement*.

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

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

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

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

### **5.1.3 Special Requirements for Certain Types of Infrastructure Projects**

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

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

The CFI requires that institutions monitor the ethical acceptability of all research that uses the proposed infrastructure for research involving human subjects. Institutions must adhere to the guidelines set out in the *Tri-Council Policy Statement – Ethical Conduct for Research Involving Humans*. The statement is available at <http://pre.ethics.gc.ca/english/policystatement/policystatement.cfm>.

#### **Infrastructure for clinical trials**

If infrastructure is used for clinical trials involving human subjects, in addition to complying with the guidelines as outlined above, the institution must also comply with Health Canada's *Food and Drug Regulations*, and associated policies and guidelines. More information is available at [http://www.hc-sc.gc.ca/dhp-mps/prodpharma/applic-demande/guide-ld/clini/index\\_e.html](http://www.hc-sc.gc.ca/dhp-mps/prodpharma/applic-demande/guide-ld/clini/index_e.html)

#### **Database containing personal information**

When a database contains any personal information (e.g. health data), it is the responsibility of the institution to ensure that researchers adhere to all ethical and legal requirements relating to privacy, confidentiality, and security of information in the database. More information is available at <http://www.cihr-irsc.gc.ca/e/29373.html>.

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

When infrastructure projects involve the care and treatment of animals for research, the institution must adhere to the guidelines of the Canadian Council on Animal Care (CCAC). The institution must:

- conform to CCAC guidelines for providing facilities to house and care for animals;
- maintain local animal care committees to assess and control animal experimentation;
- obtain certification from the local animal care committee stating that the proposed facility complies with the principles outlined in the CCAC guide, which can be found at [http://www.ccac.ca/en/CCAC\\_Programs/Guidelines\\_Policies/GUIDES/ENGLISH/toc\\_v1.htm](http://www.ccac.ca/en/CCAC_Programs/Guidelines_Policies/GUIDES/ENGLISH/toc_v1.htm).

## **Research involving biohazards**

When infrastructure for research may involve biohazards, the institution must adhere to the standards outlined in the *Laboratory Biosafety Guidelines* (2004), which can be found on the Public Health Agency of Canada's Web site at <http://www.phac-aspc.gc.ca/publicat/lbg-ldmbl-04/index.html>.

## **Research involving radioactive materials**

When facilities are used for conducting research involving radioactive materials, the institution must comply with all Canadian Nuclear Safety Commission regulations, recommended procedures, and safety precautions governing the use of such materials in Canada. These regulations can be found at <http://www.nuclearsafety.gc.ca/eng/regulation/>.

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

The CFI expects institutions to comply with all provincial, territorial, and federal government regulations pertaining to environmental assessment (*Canadian Environmental Assessment Act*). For more information, please go to [http://www.ceaa-acee.gc.ca/013/index\\_e.htm](http://www.ceaa-acee.gc.ca/013/index_e.htm).

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

All research facilities in the Yukon, Nunavut, and the Northwest Territories must be licensed. More information is available at [http://www.crsng.gc.ca/professors\\_e.asp?nav=profnav&lbi=p7#7](http://www.crsng.gc.ca/professors_e.asp?nav=profnav&lbi=p7#7).

### **5.1.4 Strategic Research Plan**

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

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



Because most institutions have evolving plans, the CFI expects to receive an updated *Strategic Research Plan Summary* on an annual basis. During major competitions, the CFI may request updated *Strategic Research Plan Summary* for those eligible institutions submitting a proposal. The updated *Summaries* will be provided to the assessment committees.

## 5.2 Submitting a Proposal

Forms and instructions for applying for CFI funds are available on the CFI website in the “CFI Online” section (<http://www.innovation.ca/cfionline/index.cfm>). This section provides a repository of application forms and reports, as well as secured storage of institutional proposals submitted, or to be submitted, to the CFI. Applications must be completed by researchers and submitted electronically by the institution using the online forms. For reference purposes, PDF versions of these forms are available for printing.

The following table summarizes the important dates for each fund:

| Program                                     | Expected Timeline  |
|---|--|
| Leading Edge Fund /<br>New Initiatives Fund | <i>Call for Proposals</i> issued: February 2008<br><i>Notice of Intent</i> : June 30, 2008<br>Application deadline: October 3, 2008<br><i>Strategic Research Plan Summary</i> : October 10, 2008 |
| Leaders Opportunity Fund<br>Stream 1        | Application deadlines: annually on February 15, June 15, and October 15  |
| Leaders Opportunity Fund<br>Stream 2        | Canada Research Chairs application deadlines: annually in April, September, and December   |
| Leaders Opportunity Fund<br>Stream 3        | Federal research funding agencies application deadlines  |
| Infrastructure Operating Fund               | One claim per institution per year, due by June 15   |

Exact deadlines of partner funding agencies can be found on their respective Web sites:

- Canada Research Chairs: <http://www.chairs.gc.ca/>
- Canadian Institutes of Health Research: <http://www.cihr-irsc.gc.ca/>
- Natural Sciences and Engineering Research Council of Canada: <http://nserc.ca/>
- Social Sciences and Humanities Research Council of Canada: <http://www.sshrc.ca/>

## 5.3 Assessment Criteria

All requests for CFI funding are subject to formal independent review and assessment. In the case of the competition-based funds (e.g. Leading Edge Fund / New Initiatives Fund), the review process will determine the degree to which a request satisfies the CFI criteria for support relative to competing requests. In the case of the allocation-based fund (Leaders Opportunity Fund), the review process will determine the degree to which a request satisfies the criteria relative to CFI standards of excellence.

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

1. Quality of research and need for infrastructure
  - 1.1. Quality of research
  - 1.2. Quality of researchers
  - 1.3. Need for infrastructure
2. Contribution to strengthening the capacity for innovation
  - 2.1. Training of highly qualified personnel
  - 2.2. Collaboration
  - 2.3. Operation and maintenance plans
3. The potential benefits of the research to Canada.

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

## 5.4 Review Process

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

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

- Competition-based funds (e.g. Leading Edge Fund / New Initiatives Fund)
  - External expert
  - Expert committee
  - Multidisciplinary Assessment Committee (MAC)
  - Special Multidisciplinary Assessment Committee (S-MAC)

- Allocation-based fund (Leaders Opportunity Fund)
  - External expert
  - College of Reviewers member
  - Leaders Opportunity Fund Advisory Committee (LOFAC)

The CFI regularly explores ways of jointly assessing proposals with the other federal funding agencies. Particular attention is given to projects needing significant amounts of research funding directly related to an infrastructure project.

The CFI and the provinces may share reviews of projects to avoid duplication of efforts.

### **5.4.1 Competition-Based Review Process**

#### **Individual Experts and Expert Committees**

Experts consulted will include (as appropriate):

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

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

#### **Multidisciplinary Assessment Committees (MAC)**

A MAC is composed of a chair and members with broad expertise in research, research management, and the use of research results and technology. Quality and experience are the CFI's prime considerations when it selects committee members. In addition, the CFI strives to achieve a reasonable balance of language, gender, region, sector of the economy, discipline, and type of institution. To benchmark applications against international standards, committee members are also selected from abroad.

The MAC considers the degree to which each request satisfies the assessment criteria relative to other competing infrastructure projects in order to make brief written recommendations to the CFI. These recommendations are based on the MAC's review of the proposals and relevant reports of expert reviewers and/or committees.

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

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

The work of the S-MAC entails the following actions:

- Advise on and ensure consistency among the MACs.
- Ensure that the applications recommended for funding provide for a rich portfolio of investments in infrastructure of various sizes and across diverse fields of research and technology development.
- Should the MAC recommendations exceed the available resources, recommend to the CFI Board, among proposals recommended for funding, those that most effectively support the mandate of the CFI and represent the most effective portfolio of investments in infrastructure for Canada. This entails strategic consideration of the alignment with institutional priorities as well as provincial and federal science and technology priorities in instances of projects of equivalent scientific merit.

### **5.4.2 Leaders Opportunity Fund Review Process**

For each LOF application submitted, the CFI will solicit written assessments from at least two reviewers: usually, one reviewer from the LOF College of Reviewers with experience assessing candidate-based proposals and familiarity with the CFI mandate; and one expert who is suggested by the university or chosen by CFI staff. Both reviewers will be asked to complete a structured written review of the application using a common report format.

Given the goals of the LOF, the focus of the assessment is the candidate(s), as opposed to the other users or collaborators in the research process. Other users may be included in the project team, however, their CVs will not be included with the application and their presence on the application should not be considered when evaluating the candidate(s).

Reviewers are asked to pay close attention to the:

- qualifications and experience of the candidate(s) in relation to the proposed research and research training;
- infrastructure that is being requested for use by the candidate(s) and why it is essential to carry out the candidate's proposed research;
- value added of an additional award in cases where the candidate has previously been supported through the LOF, New Opportunities Fund, Canada Research Chairs Infrastructure Fund, or Career Award.

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

When the initial reviews are in agreement, the CFI staff draft recommendations to the CFI's Board of Directors. When initial experts have submitted conflicting reviews, the CFI seeks advice from additional experts in the form of either additional written reviews

or committee meetings. To this end, the CFI has convened a LOF Advisory Committee (LOFAC) whose members are drawn from all research fields and from different sectors. The CFI groups proposals by research fields and convenes specific meetings with LOFAC members whose expertise is appropriate.

### **5.4.3 Governing Principles for Expert Reviewers and Committees**

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

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

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

### **5.4.4 Collaboration with the Provinces**

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

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

### **5.4.5 Final Decisions**

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

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## 6. ADMINISTRATION OF CFI AWARDS

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

### 6.1 Making the Best Use of CFI Funds

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

Items involving in-kind contributions must be assessed at fair market value (see [Section 6.5](#)). An over estimation of the value of these items inflates the total cost of a project. Not only is this against CFI policy, but it is unfair to all institutions because it decreases the amount available for funding other meritorious projects.

#### 6.1.1 Can an institution accept 'cash back' or other types of benefits from a supplier?

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

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

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

## 6.1.2 Changes to contributions

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

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

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

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

## 6.2 Award Finalization

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

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

cases, the institution that submitted the application may request in writing that the responsibility for receiving and administering the funds be given to another eligible institution that was part of the application. The latter must have signed an [Institutional Agreement](#).

### **6.2.2 What documents must be provided?**

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

- an [Itemized List](#);
- a [Summary of Secured Contributions](#);
- a [Confirmation of Award Conditions](#).

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

### **6.2.3 What is the timeframe for award finalization?**

Award finalization documents must be provided to the CFI within nine months of approval of the award. The CFI may grant an extension if a reasonable explanation is provided. In exceptional circumstances, the CFI may agree to finalize, in stages, the budget for very complex projects of a longer duration. For these projects:

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

Institutions should contact their CFI Coordinator of Institutional Relations, if they wish to discuss this alternative for a specific project.

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

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

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

Eligible costs included in the Itemized List must be based on the institution's usual tendering and purchasing policies and procedures which must comply at a minimum

with the requirements set forth in Annex 502.4 of the [Agreement on Internal Trade](#). For items involving in-kind contributions, institutions are also expected to follow their existing policies and procedures, which must meet the CFI guidelines and minimum requirements outlined in [Section 6.5](#).

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

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

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

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

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

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

Where applicable, institutions must respond to any specific conditions raised in the CFI funding decision, and document how the conditions will be, or have been, addressed. Any conditions that have been specified for a project must be addressed in writing by the President/CEO or designated representative of the institution as per the Institutional Agreement, and be approved by the CFI before any funds will be released.

## **6.3 Agreements and Instalment Schedule**

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

Before it releases any funds, the CFI ensures that the recipient institution has signed the Institutional Agreement. This agreement defines the conditions under which eligible recipients can use CFI funding, including the Special Requirements for Certain Types of Infrastructure Projects (see [Section 5.1.3](#)).

In the Institutional Agreement, the President/CEO of the recipient institution may designate one of the following types of individuals who will act on his or her behalf:

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

Any changes to these designates should be communicated to the CFI in writing by the President/CEO of the institution. The letter should include the signatures of the designates. Alternatively, the institution may forward a revised Institutional Agreement to the CFI.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **6.3.6 What are the holdback amounts?**

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

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



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

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

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

The final instalment for the holdback is made once the final financial report has been received, after the project is completed (see [Section 6.7.3](#)). A project is completed when all the infrastructure has been acquired or developed and is operational, and all costs have been incurred. An audit is required for projects where the CFI has contributed more than \$4 million before the final instalment can be made.

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

## **6.4 Account Administration**

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

The recipient institutions and eligible institutions participating in a multi-institutional project are responsible for the administration of CFI contributions and for tracking project expenditures, as well as partner contributions. They must ensure that the expenditures and partner contributions comply with CFI regulations and policies as:

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

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

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

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

- items indicated in the Itemized List submitted upon award finalization (see [Section 6.2.2](#)), or subsequently approved by the CFI Coordinator of Institutional Relations;
- items not indicated in the Itemized List submitted upon award finalization and not subsequently approved by the CFI Coordinator of Institutional Relations, which are reported to the CFI as eligible items in the CFI financial report. These should not constitute a significant change under the terms of [Section 6.6](#).

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

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

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

The Account Administrator is responsible for ensuring that the CFI is not charged more than the agreed CFI share (per the Award Agreement) of the full actual cost of eligible items. For all projects, the maximum CFI amount cannot be exceeded.

Institutions must keep all financial records and supporting documentation (see [Section 6.4.2](#)) for at least three years following the submission date of the final financial report to the CFI for the project. All documentation must be retained on file at the institution for audit purposes, and provided to the CFI upon request. Institutions are advised to contact the CFI early in the process if they foresee a problem in complying with this guideline. Different requirements apply for the Infrastructure Operating Fund (see [Section 6.10.8](#)).

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

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

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



## Expenditures

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

Note: Other practices may also be acceptable for reporting charges related to services rendered or work performed by employees, such as the use of an internal rate, fee for service, or fixed percentage of costs. Institutions should refer to the [Frequently Asked Questions](#) in the Finance section of the CFI website for guidance on acceptable practices for reporting these costs, as well as the required documentation.

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

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

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

### **Contributions**

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

### **Other**

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

Additional requirements apply to the Infrastructure Operating Fund (see [Section 6.10.8](#)). For items involving in-kind contributions, see [Section 6.5](#) as additional documentation requirements may also apply.

### **6.4.3 How should foreign currency transactions be reported?**

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

If an institution enters into a foreign exchange contract to protect itself against fluctuations in the foreign exchange rate for a specific transaction and this is approved by the institution's Treasury department, the CFI will accept that the contract rate be

used in these instances to report the transaction. However, there must be a direct relationship between the foreign exchange contract and the transaction (i.e. same amount, same date of settlement of the contract and expected payment to the supplier or service provider). This relationship must be documented at the onset of the contract by the institution.

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

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

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

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

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

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

### **6.5.1 Definitions**

The following definitions apply in this section:

#### **Fair Market Value**

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

For example:

|  |              |
|--|--------------|
| List price                             | \$500        |
| Less: Normal discount (if any)         | (\$20)       |
| Less: Educational discount (if any)    | (\$80)       |
| Fair market value (also Eligible cost) | <u>\$400</u> |

### **Normal discount**

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

### **Educational discount**

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

### **Special discount**

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

### **Net Selling Price**

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

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

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

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

For example:

Eligible cost:

|  |       |
|--|-------|
| Value of the item, as determined per Section 6.5.5 | \$400 |
|--|-------|

Eligible in-kind contribution:

|  |       |
|--|-------|
| Value of the item, as determined per Section 6.5.5 | \$400 |
|--|-------|

|                          |         |
|--------------------------|---------|
| Less: Net selling price* | (\$300) |
|--------------------------|---------|

|                               |              |
|-------------------------------|--------------|
| Eligible In-kind contribution | <u>\$100</u> |
|-------------------------------|--------------|

\*Nil in the case of wholly donated items.

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

### **6.5.3 What are the categories of items involving in-kind contributions?**

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

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

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

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

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

#### **6.5.4 Are there special requirements and procedures with respect to the valuation of items involving in-kind contributions?**

Institutions are expected to follow existing institutional policies and procedures for the valuation of items involving in-kind contributions, which must meet the CFI guidelines and minimum requirements outlined in [Section 6.5.5](#).

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

However, if an institution decides to make a sole source purchase because it would be impossible to buy from other sources, it is not acceptable to carry out a competitive bid process simply to substantiate the fair market value as this would be a violation of the Laws of Competitive Bidding. In such instances, attestation from the head of purchasing or supply management departments should be kept on file as to the reasons why a competitive bid process could not be undertaken.

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

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

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

Valuation of Items Involving In-Kind Contributions

| Nature  | Acceptable Valuation Practices  | Documentation Required at the Institution   |
|---|---|---|
| <p>Equipment, warranties, components, software licenses and upgrades.</p> | <p>If item regularly sold to other customers (i.e. not one-of-a-kind), and more than one supplier is willing to provide the item;</p> <p style="text-align: center;"><b>OR</b></p> <p>If item is not regularly sold to other customers (i.e. one-of-a-kind) but more than one supplier is willing to provide the item:</p> <p>Fair market value of the item upon transfer of ownership to the institution, as defined in <a href="#">Section 6.5.1</a>.</p> | <p><b>Category 1:</b> Written confirmation from the supplier of the list price, the normal and educational discounts (if any), the special discount and the net selling price.</p> <p><b>Category 2:</b> Comparison of the fair market value stated in all bids received (minimum of two bids*) as a result of a formal competitive bid process, including a public bid notice to support the reasonableness of the fair market value reported by the institution to the CFI (refer to <a href="#">Section 6.5.7</a>);</p> <p><b>OR</b> in the event that such a process is not possible at the outset.</p> <p>Third party appraisal of fair market value of the item upon transfer of ownership to the institution (see <a href="#">Section 6.5.8</a>).</p> <p>*If sole source, please see “sole source” sections below.</p> |

|  |  |   |
|--|--|---|
|  | <p>If sole source and item is regularly sold to other customers (i.e. not one-of-a-kind):</p> <p>Fair market value of the item upon transfer of ownership to the institution, as defined in <a href="#">Section 6.5.1</a>.</p> | <p><b>Category 1:</b> Written confirmation from the supplier of the list price, the normal and educational discounts (if any), the special discount, and the net selling price.</p> <p><b>Category 2:</b> Single bid received as a result of a formal competitive bid process, including a public bid notice;</p> <p><b>OR</b> in the event that such a process is not possible at the outset, or if the item involves an in-kind contribution in excess of \$500,000.</p> <p>Third party appraisal of fair market value of the item upon transfer of ownership to the institution (see <a href="#">Section 6.5.8</a>).</p> <p>Note: For category 2 items, sole source status must be confirmed via a competitive bid process, including the posting of a public bid notice, whenever feasible (see <a href="#">Section 6.5.4</a>).</p> |
|--|--|---|



|  |  |   |
|--|--|---|
|  | <p>If sole source and item is not regularly sold to other customers (i.e. one-of-a-kind):</p> <p>Supplier's incremental manufacturing cost (excluding general R&amp;D costs);</p> <p style="text-align: center;"><b>OR</b></p> <p>Fair market value of the item upon transfer of ownership to the institution, as defined in <a href="#">Section 6.5.1</a></p> | <p><b>Category 1:</b> Written confirmation from the supplier of the incremental manufacturing cost, excluding general R&amp;D costs. The confirmation should detail the cost of materials, number of hours and time value, as well as overhead rate applied;</p> <p style="text-align: center;"><b>OR</b></p> <p>Single bid received as a result of a formal competitive bid process, including a public bid notice.</p> <p><b>Category 2:</b> Single bid received as a result of a formal competitive bid process, including a public bid notice;</p> <p style="text-align: center;"><b>OR</b></p> <p>in the event that such a process is not possible at the outset, or if the item involves an in-kind contribution in excess of \$500,000.</p> <p>Third party appraisal of fair market value of the item upon transfer of ownership to the institution (see <a href="#">Section 6.5.8</a>).</p> <p>Note: For category 2 items, sole source status must be confirmed via a competitive bid process, including the posting of a public bid notice, whenever feasible (see <a href="#">Section 6.5.4</a>).</p> |
|--|--|---|

|  |  |   |
|--|--|---|
|  | <p>If used item from contributor who is not in the business of selling the item:</p> <p>The initial cost of the item less maximum capital cost allowance prescribed by the Income Tax Act;</p> <p style="text-align: center;"><b>OR</b></p> <p>Fair market value of the item upon transfer of ownership to the institution, as defined in <a href="#">Section 6.5.1</a>;</p> <p>Note: If used item is donated by supplier who is in the business of selling the item, same guidelines as indicated in previous sections apply.</p> | <p><b>Category 1:</b> Written confirmation from the contributor supporting the initial cost and age of the item to allow the institution to calculate the maximum capital cost allowance and the current value of the item.</p> <p><b>Category 2:</b> Written confirmation from the contributor supporting the initial cost and age of the item to allow the institution to calculate the maximum capital cost allowance and the current value of the item;</p> <p style="text-align: center;"><b>OR</b></p> <p>if the item involves an in-kind contribution in excess of \$500,000.</p> <p>Third party appraisal of fair market value of the item upon transfer of ownership to the institution (see <a href="#">Section 6.5.8</a>).</p> |
|  | <p>If long-term loan/lease:</p> <p>Cost of rental equivalent to most favoured customers (excluding financing charges).</p>   | <p><b>Category 1:</b> Written confirmation from supplier of rental equivalent to most favoured customer.</p> <p><b>Category 2:</b> Third party appraisal of fair market value of the loan/lease (see <a href="#">Section 6.5.8</a>).</p>  |

|                                       |   |   |
|---------------------------------------|---|---|
| <p>External Professional services</p> | <p>Fair market value of the services (Actual rates or fees charged for similar services provided to fee paying clients).</p> <p>Note: Commercial rates are not acceptable if they differ from rates actually charged to fee paying clients.</p> | <p><b>Categories 1 and 2:</b> Written confirmation from the service provider stating that the rates quoted or the value assigned to the donated service represents fair market value consistent with actual rates or fees charged to fee paying clients for similar services.</p> <p>Written confirmation from the service provider supporting the number of hours of service donated.</p> <p><b>Category 2:</b> Confirm with the CFI on a case by case basis whether additional documentation is required.</p> |
| <p>Datasets</p>                       | <p>Price of dataset charged to a third party plus incremental costs to customize.</p> <p>If not otherwise sold to third parties, incremental cost to customize.</p>   | <p><b>Categories 1 and 2:</b> Written confirmation from the supplier or contributor supporting the value of the dataset (or comparable dataset) as charged to a third party.</p> <p>Written confirmation from the supplier supporting incremental costs to customize (e.g. hourly rate and number of hours).</p> <p><b>Category 2:</b> Confirm with the CFI on a case by case basis whether additional documentation is required.</p>   |
| <p>Travel</p>                         | <p>Travel costs (economy) incurred by a supplier that are donated to a particular project.</p>  | <p>Written confirmation from the supplier of the amount paid and donated to the project.</p>  |

### **6.5.6 What are examples of acceptable written confirmations from the supplier?**

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

It is acceptable to use the information provided in a quotation or competitive bid document if the period of time between the quote and the date of transfer of ownership to the institution is relatively short (i.e. less than 12 months), and if the net selling price has not changed. In other instances, the CFI expects institutions to obtain a new confirmation from the successful supplier of the fair market value of the item upon transfer of ownership to the institution since this may have changed significantly.

An example of a Request for Quotation template that includes the relevant information is included in the [Finance Frequently Asked Questions](#) section of the CFI website. Please note that this template is an example only. Other templates may also be acceptable.

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

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

However, as part of certain documentation requirements for category 2 items (see [Section 6.5.5](#)), institutions may be required to perform a comparison of the fair market value as stated in all bids received as a result of a formal competitive bid process, including a public bid notice, to support the reasonableness of the fair market value reported by the institution to the CFI for the item purchased.

The purpose of this review is to ensure that the fair market value reported to the CFI is reasonable. To achieve this, the fair market values stated in all bid documents received should be compared by the institution to conclude on a reasonable fair market value that is reported as an eligible cost to the CFI. It is important to note that this value may differ from the value stated by the successful supplier.

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

Institutions are responsible for performing an adequate assessment of the reasonability of the fair market value reported to the CFI for all category 2 items. This value is the one that must be used in the calculation of the eligible in-kind contribution to be reported to the CFI (see [Section 6.5.2](#)).

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

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

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

For Category 2 items, there may be a requirement for a third-party appraisal of the value of the item if no alternative valuation method is available (see [Section 6.5.5](#)). Appraisals are not required at the time of application. They may only be required after a project has been approved by the CFI. In general, the CFI advises that appraisals be done close to the date of transfer of ownership of the equipment or eligible item to the institution.


The CFI will coordinate all appraisals related to category 2 items, select the appraisers who will perform the evaluation, and will pay for the appraisal if it concludes that an alternative valuation method was not available to the institution to corroborate the value of the item from the outset. If it is found that an alternative method existed—such as a comparison of the fair market value stated in bids received as a result of a formal competitive bid process, including a public bid notice—but that the institution did not follow this process as prescribed in [Section 6.5.5](#), then the institution will have to pay for the appraisal.

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

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

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

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

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

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

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

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

#### **Changes requiring notification**

- The institution is unable to carry out or complete the project.
- There will be a change in the designated project leader.
- In the case of Leaders Opportunity, New Opportunities, or Canada Research Chairs Infrastructure awards for multiple candidates, there will be a change in status of any of the candidates.
- There will be a significant variance in cash flow projections (see [Section 6.6.2](#)).

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

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

All notifications and requests for changes should be sent to the CFI Coordinator of Institutional Relations, and should include an explanation for the change, showing that it is essential to the project as originally approved and describing the impact of the change on the project. The CFI may ask for additional information depending on the status of the project and the nature of the change that is requested.

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

A significant variance in projected cash flows means that the timing of actual expenditures from one fiscal year to the other over the course of a project deviates from the forecasted disbursements indicated in the Itemized List by more than 20 percent of the total eligible costs for the project, or \$500,000, whichever amount is lower. Variances lower than \$100,000 do not need to be reported.

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

Notification of a significant variance in projected cash flows must be submitted either by the President/CEO of the institution or designated representative (per the Institutional

Agreement), the Account Administrator, or the CFI Liaison. This notification should include detailed information regarding the nature of the delay and impact on the project, the total actual costs to date, as well as an updated forecast of future disbursements for the remainder of the project so that CFI instalments can be revised appropriately.

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

Institutions must use judgment when establishing whether a variance is significant or not. Variances that are below the thresholds indicated below would normally not be considered significant. However, these thresholds serve as guidance only, and should not necessarily prevail over the careful use of judgment. Institutions should obtain approval for any change having a significant impact on a project and its research objectives, regardless of the cost implications.

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

In this section, an item refers to an individual line on the Itemized List submitted to the CFI upon award finalization (see [Section 6.2](#)). If the line item as presented in the Itemized List includes several units or consists of one system with several components, the total as presented on the Itemized List for that line item must be used.

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

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

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

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



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

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

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

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

Institutions need to obtain prior approval if there are significant changes between the actual amount and nature of the space constructed/renovated and the initial plan presented to the CFI in the application, or as subsequently presented and approved by the CFI upon award finalization. Approval must be obtained in these instances even if these changes result in little or no impact on the total construction/renovation cost.

The CFI considers that there is a significant change if:

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

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

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

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

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

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



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

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

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

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

#### **6.6.7 What happens if final total actual eligible costs differ from those listed in the Award Agreement?**

When a project is completed, if the total actual eligible costs are lower than the costs estimated in the Award Agreement, and if other funding partners contribute their agreed share, the institution may acquire other eligible infrastructure directly related to the project as long as the cumulative variances in the project do not exceed the significance threshold indicated in [sections 6.6.3](#) and [6.6.4](#).

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

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

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

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

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

## 6.7 Financial Reporting

### 6.7.1 When must financial reports be submitted?

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

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

The final financial report (or request for last instalment) is due within six months of the actual end date of the project (see [Section 6.6.5](#)).

### 6.7.2 What information must an institution provide in the financial report?

The financial report includes information on:

- actual and forecasted eligible costs (for ongoing projects);
- actual and forecasted contributions to eligible costs from eligible partners, including assurance that matching funds have been received and spent (or will be received during the forecast period).

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

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

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

To request the final instalment for a given project, institutions should use the financial report form. However, it should be labeled 'Final Report.' The report must state the final total eligible costs and contributions, and include certification that:

- the information provided in the financial report is accurate;
- the resources are available for the operation of the infrastructure;

- the administration of the funding requested from the CFI is in accordance with the Institutional Agreement, the CFI Policy and Program Guide, and conditions of award as specified in the Award Agreement;
- all elements of the infrastructure project have been acquired/constructed in accordance with the Award Agreement;
- the project is now complete (i.e. all the infrastructure has been acquired or developed and is operational, and all costs have been incurred);
- matching funds have been received and spent;
- the CFI's contribution does not exceed the agreed CFI share of eligible costs, or the maximum CFI amount, whichever is lower.

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

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

## **6.8 Annual Progress and Impact Reports (now 7.2 Project Progress Reports and Institutional Reports)**

### **6.8.1 What information is provided in a Project Report Forms and the Institutional Report? (now 7.2 Project Progress Reports and Institutional Reports)**

### **6.8.2 How is the information used? (now 7.2 Project Progress Reports and Institutional Reports)**

## **6.9 Monitoring and Auditing Activities**

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

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

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

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

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

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

The CFI reserves the right to review and audit any CFI-funded project. The CFI will perform an audit of all projects for which the CFI has contributed an amount in excess of \$4 million. Also, for all other projects, a representative sample of projects is audited every year. The institution will be notified when one of its projects is selected for an audit.

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

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

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

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

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

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

An institution cannot request and/or include in its annual report IOF expenditures related to an infrastructure project before the infrastructure project has passed the stage of award finalization (i.e. an award agreement is in place for the infrastructure project). Furthermore, the infrastructure must still be used for research purposes. There is no maximum number of years for which IOF can be claimed, as long as the infrastructure is still being used for research purposes.

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

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

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

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

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

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

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

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

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

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

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

The annual report on actual expenditures must report on expenditures incurred for the previous April 1 to March 31 period, including the total outstanding commitments.

Outstanding commitments are allowed only in cases where the expenditure has been incurred (work performed, goods received, or services rendered) but the invoice was not paid in the period ending March 31. Institutions must ensure that expenditures reported have not been claimed for reimbursement from another source. If they have been, they are not admissible under the IOF.

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

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

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

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

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

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

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

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

Institutions must include these expenditures in their annual report on actual expenditures for the period in which they were incurred. If total actual cumulative expenditures at the reporting date exceed the cumulative payments made by the CFI at that time, the CFI will issue a payment for the difference in July of the subsequent fiscal year (see [Section 6.10.7](#)).

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

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

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

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

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

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

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

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

The required documentation includes:

- Originating documentation (refer to [Section 6.4.2](#)).
- The internal expense allocation method and rationale, for expenditures which are partly eligible and claimed under the IOF award (e.g. electricity). Documentation of approval of the allocation method and rationale by institutional authorities (e.g. minutes of meetings where approved or signed authorization document) must be maintained.
- Indication of the related infrastructure project(s) either on the supporting document or in the accounting records to support the fact that the expenditure is directly related to an infrastructure project which is admissible under the IOF.



- A confirmation obtained by the institution from the project leaders (at a minimum annually) that the infrastructure for which IOFs are being claimed is still used for research purposes. These confirmations must be kept on file and provided to the CFI upon request only. Institutions are requested to certify that these confirmations have been obtained in their annual report on expenditures.

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

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

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

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

The CFI reserves the right to review and audit expenditures claimed under the IOF. The CFI monitors the management of IOF awards during its regular financial review visits and audits at institutions. When requested, institutions must provide access to the supporting documentation records and other information related to the award (including funds transferred to other eligible institutions).

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

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



## 7. EVALUATION AND OUTCOME ASSESSMENT

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Providing accurate, consistent, and timely information is required both as part of CFI's accountability to government and to support future directions and program planning. Drawing on its current Performance, Evaluation, Risk and Audit Framework (PERAF), CFI collects and analyzes information using evaluations and special studies, Project Progress Reports, Institutional Reports, and the Outcome Measurement Study (OMS). The PERAF and other evaluation-related documents dating back to 1999 are posted on the CFI's Web site: <http://www.innovation.ca/evaluation/index.cfm>.

### 7.1 Evaluations and Special Studies

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

### 7.2 Project Progress Reports and Institutional Reports

CFI is publicly accountable for its investments in research infrastructure, and therefore it must demonstrate the outcomes and impacts of its activities. Institutions are required to provide Project Progress Reports and Institutional Reports. All report forms can be accessed by institutions and project leaders via the CFI website. As well as being a resource for CFI's various evaluation and communications activities, the information provided in the reports is analyzed and presented as publicly available documents, posted on CFI's website, along with the institution's progress in the past year in achieving the objectives of its strategic research plan.

#### 7.2.1 Project Progress Reports

Project Progress Reports help to demonstrate the results of investment in research infrastructure at Canadian institutions through such measures as the: attraction and retention of researchers; training of highly-qualified personnel; advancing and transforming research; partnerships and collaborations; and social and economic benefits. In addition, the reports provide information on issues such as the

implementation status of various infrastructure projects, operations and maintenance, and the useful life of the infrastructure for evaluation and monitoring purposes.

Institutions must complete and submit, electronically, Project Progress Report Forms by June 30 of each year. These are required for every project for five years following the finalization of the award. CFI will return institution-specific project data to the CFI Liaison office as a worksheet in Excel by July 15.

### **7.2.2 Institutional Reports**

Institutional Reports address the overall impact of CFI investments on the institution's ability to implement its strategic research plans in areas such as building capacity, partnerships promotion, and the generating of benefits for Canada. In addition, the Communication Activities section of the Institutional Report communicates the achievement of these strategic objectives (see [Section 8](#)).

The Institutional Report is due by July 31. Each institution that is required to submit one or more Project Progress Reports in a given year must also submit an Institutional Report in that year.

### **7.3 Outcome Measurement Study**

The Outcome Measurement Study (OMS) is designed to assess the degree to which CFI's investment in research infrastructure is a critical contributing factor in the realization of five outcomes (strategic research planning, research capacity, highly-qualified personnel, research productivity, and innovation). The OMS also asks institutions to describe challenges faced in sustaining these outcomes. The current list of outcome categories and indicators is available in the evaluation section of the CFI's Web site (<http://www.innovation.ca/evaluation/index.cfm>). The OMS helps demonstrate to the CFI Board, the Government of Canada, the Canadian public, and other key stakeholders the extent to which CFI is achieving its mandate. It also provides information resources for evaluation and planning purposes, and features prominently in the evaluation framework.

The OMS is a learning exercise done in partnership with participating institutions and is not a typical merit-review process. No funding is contingent on the findings, nor are the findings used to rank research activities or institutions. The OMS methodology involves an in-depth questionnaire submitted to institutions with a follow-up validation by a visiting expert panel whose report is the key output of the exercise. The scope is unique, looking across an institution and a specific theme rather than examining an individual project or program. The theme is selected following discussion with institutions and is based on several factors, including the degree of synergy between the institution's Strategic Research Plan and areas of major CFI investment. This approach captures with quantitative and qualitative data the outcomes of investment across the spectrum, from basic research to innovation and societal benefits.

The OMS recognizes CFI as one player in a large and complex system of research support. Careful discussion of the relative contributions of funding programs, organizations, and other factors external to CFI is coupled with longitudinal analysis in

order to ensure issues of attribution are addressed accurately and in context. Other stakeholder funding agencies (e.g. provincial, federal) not only contributed to the design of the OMS tool, but regularly send representatives to the visits as observers, maximizing the return on the resources invested by the institution and CFI for data collection.

Selected institutions are notified in the spring of each year for the coming year. Institutions wishing to participate in an OMS should contact the CFI evaluation team by March 31 of each year. In recognition that institutions may need to invest additional resources in data collection and other activities to support the OMS exercise, the CFI will make a one-time contribution of \$5,000 to participating institutions once the OMS visit is successfully completed.

## 8. COMMUNICATING RESULTS

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

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

### 8.1 Submitting Communication Updates

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

### 8.2 Announcing CFI Funding Decisions

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

Where a significant demand exists for services from the institution to the public in one or both of Canada’s official languages, the institution will communicate with the public in the language or languages applicable.

### **8.3 Showcasing the Impacts of Research**

CFI welcomes any opportunity to partner with funded institutions to showcase in a significant way the results that institutions have achieved and how this benefits Canadians. These activities can target the media, the general public, government decision-makers, and other key stakeholders in an effort to further acquaint them with research activities enabled by CFI funding and those conducting this work.

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

## ANNEX 1 – SUMMARY OF REFERENCED HYPERLINKS

CFI's Web Site: <http://www.innovation.ca/index.cfm>

“Programs” Section: <http://www.innovation.ca/programs/index.cfm>

Active Funds (*Call for Proposals*):

<http://www.innovation.ca/programs/index.cfm?websiteid=6>

Leading Edge Fund / New Initiatives Fund (*Call for Proposals*):

<http://www.innovation.ca/programs/index.cfm?websiteid=521>

Leaders Opportunity Fund (*Program Description*):

<http://www.innovation.ca/programs/index.cfm?websiteid=412>

Inactive Funds (*Call for Proposals*):

<http://www.innovation.ca/programs/index.cfm?websiteid=390>

“Finance” Section: <http://www.innovation.ca/finance/index.cfm>

Frequently Asked Questions:

<http://www.innovation.ca/finance/index.cfm?websiteid=406>

*Framework for the Evaluation of Cost Allocation Methods*, Example of a Detailed Cost Allocation Method (Hanscomb Limited), and *Simplified Cost Allocation Method*:

<http://www.innovation.ca/finance/index.cfm?websiteid=515>

Reporting and Documenting Personnel Costs:

<http://www.innovation.ca/finance/index.cfm?websiteid=516>

Request for Quotation: <http://www.innovation.ca/finance/index.cfm?websiteid=511>

Examples of Analyses of the Comparison of the Fair Market Value for Category 2 Items:

<http://www.innovation.ca/finance/index.cfm?websiteid=513>

Example of Analysis of Variances in Project Costs and the Nature of the Infrastructure:

<http://www.innovation.ca/finance/index.cfm?websiteid=514>

Infrastructure Projects Award Finalizations Instructions, *Confirmation of Award Conditions*, and *Financial Report Instructions Manual*:

<http://www.innovation.ca/finance/index.cfm?websiteid=211>

Assessing the Value of Items involving In-Kind Contributions (Guidelines Prior to September 1, 2005): [Download Archived Section 7.5](#)

Assessing the Value of Items involving In-Kind Contributions (Guidelines Prior to November 1, 2002): [Download Archived Section 2.7](#)

Changes to Infrastructure Projects Once the Award Agreement is in Place (Guidelines Prior to August 1, 2002): [Download Section 4.10](#)

**“CFI Online” Section:** <http://www.innovation.ca/cfionline/index.cfm>

Online forms and *Institutional Agreement*: <http://www.innovation.ca/cfionline/index.cfm>

*Itemized List and Summary of Secured Contributions*:

<http://www.innovation.ca/cfionline/index.cfm?websiteid=31>

Institutional Infrastructure Operating Fund Allocation:

<http://www.innovation.ca/finance/index.cfm?websiteid=210>

**“Evaluation” Section:** <http://www.innovation.ca/evaluation/index.cfm>

## External Web Sites

Canada Research Chairs: <http://www.chairs.gc.ca/>

Canadian Institutes of Health Research: <http://www.cihr-irsc.gc.ca/>

Natural Sciences and Engineering Research Council of Canada: <http://nserc.ca/>

Social Sciences and Humanities Research Council of Canada: <http://www.sshrc.ca/>

*Tri-Council Policy Statement – Ethical Conduct for Research Involving Humans*:

<http://pre.ethics.gc.ca/english/policystatement/policystatement.cfm>

Health Canada's Food and Drug Regulations: [http://www.hc-sc.gc.ca/dhp-](http://www.hc-sc.gc.ca/dhp-mps/prodpharma/applic-demande/guide-ld/clini/index_e.html)

[mps/prodpharma/applic-demande/guide-ld/clini/index\\_e.html](http://www.hc-sc.gc.ca/dhp-mps/prodpharma/applic-demande/guide-ld/clini/index_e.html)

Ethical and Legal Requirements Relating to Privacy, Confidentiality, and Security of Information: <http://www.cihr-irsc.gc.ca/e/29373.html>

Canadian Council on Animal Care Guidelines:

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

*Laboratory Biosafety Guidelines* (2004): <http://www.phac-aspc.gc.ca/publicat/lbg-ldmbl-04/index.html>

Canadian Nuclear Safety Commission Regulations:

<http://www.nuclearsafety.gc.ca/eng/regulation/>

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

Licenses for Facilities in the Yukon, Nunavut, and the Northwest Territories:

[http://www.crsng.gc.ca/professors\\_e.asp?nav=profnav&lbi=p7#7](http://www.crsng.gc.ca/professors_e.asp?nav=profnav&lbi=p7#7)

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