

**INNOVATION**

Canada Foundation  
for Innovation

Fondation canadienne  
pour l'innovation

# Policy and program guide 2023

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# Summary of changes

The 2023 edition of the Policy and program guide includes some revisions to the 2019 edition. The key changes are outlined below (the relevant sections are in parentheses). Other changes not listed below were for clarity and did not alter the meaning of the information.

## Section 3: Eligible institutions

- We clarified the requirements for universities, colleges, research hospitals and non-profit research institutions to be eligible to apply for, receive and administer funding from the CFI ([3.0 Eligible institutions](#)).

## Section 4: Eligible projects, costs and contributions

- We added a new section to emphasize the need for institutions and researchers to be aware of security risks and to take the necessary steps and precautions to ensure the security of the Canadian research ecosystem ([4.5.1 Research security](#)).
- We changed Compute Canada to Digital Research Alliance of Canada to reflect its new corporate identity ([4.6.4 Advanced research computing](#)).
- We revised the text to reflect the new payment method for the Infrastructure Operating Fund ([4.7.1 Infrastructure Operating Fund](#)).

## Section 5: Application and review process

- We added the requirement for institutions to digitally sign their institutional agreement ([5.1.1 Institutional agreement](#)).
- We updated the list of regulatory requirements, laws and guidelines to which institutions agree to follow and adhere when signing an institutional agreement ([5.1.3 Special requirements for certain types of infrastructure projects](#)).

## Section 6: Administration of CFI awards

- We added the notion of using a risk-based approach for establishing project payment schedules ([6.3.3 Instalment schedule](#)) and financial reporting frequencies ([6.7.1 Submission deadlines](#)).
- We made changes to reflect the new payment method for the Infrastructure Operating Fund (IOF) and added new information, including how we calculate an institution's IOF allocation and information specific to the Biosciences Research Infrastructure Fund ([6.10 Infrastructure Operating Fund allocation and release of funds](#)).

## Section 7: Performance reporting

- We clarified the nature and scope of this section previously known as “Evaluation and outcome assessment” by changing its title and providing more detail regarding performance reporting requirements and process ([7.0 Performance reporting](#)).

# 1.0 Introduction

The Government of Canada created the Canada Foundation for Innovation (CFI) in 1997 to fund state-of-the-art equipment, laboratories and facilities essential for conducting world-class research that produces benefits for Canadians. We support the evolving needs of Canada's universities, colleges, research hospitals and non-profit research institutions across all areas of research.

## 1.1 The CFI's objectives

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

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

## 1.2 Policy and program guide

The CFI's Policy and program guide (PPG) details the eligibility requirements and policies and procedures for institutions to apply for funding and to manage their funded projects — from pre-application to administration and oversight.

We update the PPG periodically. Consult [additional resources](#) and [past editions of the guide](#) for more information.

## 2.0 Funding architecture

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

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

Consult the complete descriptions of [CFI funds and initiatives](#), including objectives for each fund, how to apply and fund-specific eligibility requirements.



## 3.0 Eligible institutions

To participate in our funding competitions, an institution must first be eligible to apply for, receive and administer CFI funding.

The types of institutions that can become eligible are:

- Universities
- Colleges
- Research hospitals
- Research institutes
- Non-profit research institutions that carry out their activities primarily in Canada.

To be eligible, an institution must:

- Be situated in Canada
- Be engaged in research and research training
- Demonstrate its capacity to conduct and support research by meeting the requirements set out in [3.1.1 Eligibility requirements: universities, colleges, research hospitals and research institutes](#) or [3.1.2 Eligibility requirements: non-profit research institutions](#).

Consult the [list of currently eligible institutions](#).

### 3.1 Applying for eligibility

If your institution is not yet eligible, [find out how to prepare an eligibility application](#) or email us at [eligibility@innovation.ca](mailto:eligibility@innovation.ca) for more information.

Determining an institution's eligibility may take several months. We will not review incomplete eligibility applications, so be sure to submit everything that is required.

There are some organizations that we will not consider for eligibility ([3.2 Entities that are excluded from eligibility](#)).

#### 3.1.1 Eligibility requirements: universities, colleges, research hospitals and research institutes

The CFI may approve a university, college, research hospital or research institute as an eligible institution if it meets all the requirements in Table 1.

**Table 1: Institutional eligibility requirements for universities, colleges, research hospitals and research institutes**

Requirement	Supporting documents required at application
<b>Administrative requirements</b>	
Request CFI eligibility	Letter signed by the institution's president requesting institutional eligibility
Tri-agency eligibility	Copy of application submitted to the tri-agency with the decision letter confirming eligibility at one of the three federal research funding agencies, if applicable

<b>Requirement</b>	<b>Supporting documents required at application</b>
Willingness to administer CFI funding in accordance with the CFI's requirements	Confirmation from the institution's president that if granted institutional eligibility, the institution will comply with the requirements, policies and procedures specified in the CFI's institutional agreement ( <a href="#">5.1.1 Institutional agreement</a> )
<b>Status as research institution</b>	
Official statement on research and research training	Official institutional policy on research and research training or Research and research training mission statement
Description of research activities conducted	Representative sample of the research activities conducted by the institution and Strategic research plan, if applicable
No constraints on the publication of research results	Official institutional publication policy confirming there are no constraints on the publication of research results
<b>Capacity to support and conduct research</b>	
Current research facilities, infrastructure and resources	List of research facilities and research infrastructure that are currently operating at the institution and which support its research activities and Demonstration that sufficient capacity and resources are provided to enable researchers to conduct their research activities
Qualifications to carry out independent research and track record of researchers	Representative list of researchers who: <ul style="list-style-type: none"> <li>• Have proven track records</li> <li>• Are employed by the institution</li> <li>• Are actively involved in research</li> <li>• Are remunerated by the institution.</li> </ul> <p>The list should include at minimum each researcher's educational qualifications and/or relevant research experience and their contributions to the institution's research activities over the previous three years.</p> <p>The institution should demonstrate that the researchers have sufficient time to conduct their research.</p>
List of grants/contracts awarded	List of grants and contracts awarded to the institution and/or the institution's researchers over the last three years
Technical support staff	Representative list of technical staff who support the research facilities, infrastructure and researchers, and their roles

### 3.1.2 Eligibility requirements: non-profit research institutions

The CFI may approve a non-profit research institution as an eligible institution if it meets all the requirements in Table 2.

**Table 2: Institutional eligibility requirements for non-profit research institutions**

Requirement	Supporting documents required at application
<b>Administrative requirements</b>	
Request CFI eligibility	Letter signed by the institution's president requesting institutional eligibility
Tri-agency eligibility	Copy of application submitted to the tri-agency with the decision letter confirming eligibility at one of the three federal research funding agencies, if applicable
Willingness to administer CFI funding in accordance with the CFI's requirements	Confirmation from the institution's president that if granted institutional eligibility, the institution will comply with the requirements, policies and procedures specified in the CFI's institutional agreement ( <a href="#">5.1.1 Institutional agreement</a> )
<b>Status as non-profit research institution</b>	
Non-profit status, operational for a minimum of five years	Statutes, incorporation documents and bylaws
Not affiliated or federated to a CFI-eligible institution	Confirmation that the institution is not federated or affiliated to, or integrated with, another CFI-eligible institution
Independent Board of Directors	List of members of the Board of Directors, including their current place of employment and occupation and memberships on other governing bodies
Official statement on research and research training	Official institutional policy on research and research training or Research and research training mission statement
Description of research activities conducted	Representative sample of the research activities conducted by the institution and Strategic research plan, if applicable
No constraints on the publication of research results	Official institutional publication policy confirming there are no constraints on the publication of research results

<b>Capacity to support and conduct research</b>	
Current research facilities, infrastructure and resources	<p>List of the research facilities and research infrastructure currently operating at the institution and that support its research activities</p> <p>and</p> <p>Demonstration that sufficient capacity and resources are provided to enable researchers to conduct their research activities</p>
A minimum of 20 percent of researchers with a proven research track record	<p>Representative list of researchers who:</p> <ul style="list-style-type: none"> <li>• Have proven track records</li> <li>• Are employed by the institution</li> <li>• Are actively involved in research</li> <li>• Are remunerated by the institution.</li> </ul> <p>The list should include at minimum each researcher's educational qualifications and/or relevant research experience and their contributions to the institution's research activities over the previous three years.</p> <p>The institution should demonstrate that the researchers have sufficient time to conduct their research.</p>
List of grants/contracts awarded	List of grants and contracts awarded to the institution and/or the institution's researchers over the last three years
Technical support staff	List of technical staff who support the research facilities, infrastructure and researchers, and their roles
<b>Financial capacity and oversight</b>	
Financial viability	Audited financial statements for the three previous years, including the auditor's report
Evidence of research revenue from grants/awards	A list of the grants and awards the institution received over the last three years, including their amount and origin
Oversight to receive, administer and manage CFI funds	The institution's financial oversight procedures and/or policy

### 3.1.3 Exceptions

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

## **3.2 Entities that are excluded from eligibility**

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

- For-profit organizations and agencies of for-profit entities
- Federal departments, departmental corporations, Crown corporations or wholly owned subsidiaries of Crown corporations
- Provincial or territorial departments, agencies or Crown corporations (except for universities, colleges, research hospitals and research institutes).

## 4.0 Eligible projects, costs and contributions

The CFI encourages institutions to work collaboratively with universities, colleges, research hospitals and not-for-profit, public- and private-sector partners to develop projects and carry out world-class research enabled by the research infrastructure it funds. These research partners are typically collaborators in the research and technology development activities enabled by CFI-funded infrastructure, or are interested in using and exploiting the results of those activities.

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

### 4.1 Eligible infrastructure projects

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

### 4.2 Infrastructure use

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

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

### 4.3 Infrastructure location

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

### 4.4 Infrastructure control

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

- Operate and use the research infrastructure
- Exercise de facto control over the research infrastructure, including assuming responsibility for its access and for the associated scientific programming

- Where appropriate, hold a majority interest in the research infrastructure
- Assume responsibility for insuring all CFI-funded research infrastructure, including powered vehicles.

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

#### **4.4.1 Infrastructure disposal**

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

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

### **4.5 Research security and intellectual property**

#### **4.5.1 Research security**

The CFI recognizes that open and collaborative research is indispensable to pushing the boundaries of science and addressing complex economic and societal challenges. We support international collaboration and believe in the principles of open science.

At the same time, the CFI recognizes that there may be risks involved in pursuing research and innovation, including theft, interference, or unwanted transfer of knowledge and results in ways that individuals and research teams do not intend. It is therefore important for institutions to be aware of potential research security risks, and to take the necessary steps and precautions to ensure the security of the Canadian research ecosystem.

To that end, the Government of Canada introduced in 2021 the [National Security Guidelines for Research Partnerships](#) to integrate national security considerations into the development, evaluation and funding of research partnerships. We encourage researchers to use those guidelines as well as the guidance provided on the [Safeguarding Your Research](#) website to assess research partnerships and undertake due diligence with any partner or funder.

#### **4.5.2 Intellectual property ownership**

The CFI encourages using research results and new technologies to benefit Canadians. In particular, we encourage the development of productive partnerships, as this is among the most effective means of knowledge transfer and translation. The CFI does not keep or claim any ownership of, or exploitation rights to, any intellectual property arising from CFI-funded infrastructure projects. The CFI expects the recipient institution to determine intellectual property rights in accordance with its institutional policies.

### **4.6 Eligible costs for infrastructure projects**

Eligible costs are defined as the costs of acquiring or developing research infrastructure. Institutions must report the full cost of each item. The taxes net of credits received may be included. Taxes must not be

calculated on an in-kind portion. At the application and award finalization stages, the expected cost at the anticipated acquisition date should be reported (i.e., consider expected price fluctuations). Examples of eligible and ineligible costs are provided below. Additional details of costs relating to personnel, construction or renovation and databases are provided in the following sections. Eligible and non-eligible costs associated with a specific competition are detailed in the call for proposals. If a particular item is not clearly defined as eligible or non-eligible, the CFI will consider the request on a case-by-case basis.

### **Eligible costs**

- Research equipment and components
- Shipping, transportation and installation of research infrastructure, including brokerage fees, excise taxes and duties
- Warranties and/or service contracts
- Software subscriptions and licences
- Laboratory furniture
- Communications infrastructure essential for the research activities described in the proposal
- Travel to a manufacturer, dealer or supplier to select research infrastructure (including costs of carbon offsets for travel)
- Initial training for the main operator(s) of the research infrastructure (It is expected that the main operator(s) will train other users. Alternatively, an initial group training session may be provided by the vendor at the institution.)
- Salaries (including benefits) of professional, technical and managerial personnel, consultants and contractors directly involved in the design, engineering, manufacturing, installation, construction or renovation of the infrastructure
- Construction or renovation of space essential to house and use the infrastructure or to conduct the research activities described in the proposal
- Acquisition of a database or the time-limited design and development of a database to the point that it is ready for exploitation by a designated research community

### **Non-eligible costs**

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

## **4.6.1 Personnel**

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



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

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

The CFI accepts the first two practices under any circumstances. It accepts the other three practices only if each of the following conditions is met:

- The institution does not recuperate (through the use of an internal rate, fee or fixed percentage) more than the full costs of what a department has incurred in providing the services
- The institution does not claim for reimbursement from another source the costs of a department that are recovered from the CFI
- The practice is what the institution normally does for the employee providing the service or performing the work related to the eligible activity (This means that the practice used to report expenditures for a CFI-funded project must be consistent with the way expenditures are reported for similar services associated with activities that are not related to a CFI-funded project.)
- The internal rate, fee or fixed percentage of construction or renovation costs used is the same as that for all other internal clients
- The internal rate, fee or fixed percentage used is less than or equal to fair market value.

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

## 4.6.2 Construction and renovation

Infrastructure projects may involve the construction of a new building or the development of new space in an existing building (e.g., new floors, reconfiguration of existing space) when space is essential to house and use the infrastructure or to conduct the research activities described in the proposal. This includes purpose-built collaborative space essential for the proposed research and primarily used for research activities. Instalments for the equipment to be located in the constructed or renovated space will be paid only once the space is ready to house the equipment. Where there is an option to either renovate an existing building or construct a new building, the cost-effectiveness of each option must be analyzed. If the most cost-effective option is not chosen, this must be justified and approved by the CFI.

### Eligible costs

- Direct construction or renovation costs, soft costs (e.g., site development and planning, architectural, design and other services, permits, insurance) and contingency costs (i.e., amount budgeted for unforeseen costs; not to exceed 10 percent of the construction costs) for:
  - Space to house the infrastructure (e.g., laboratories, animal facilities, computer rooms, greenhouses)
  - Space to use the infrastructure or conduct research (e.g., workstations, storage areas, technicians' offices, interview rooms, collaborative spaces)
  - Additional space to house and use other eligible infrastructure (i.e., not part of the current proposal) that is essential for the proposed research activities

- Essential (i.e., as required by building codes) common elements (e.g., custodial areas, circulation areas, stairways, elevator shafts, mechanical and utility areas, space occupied by structural features, such as fire walls)
- Costs related to the essential modification of the space immediately adjacent to the CFI-eligible constructed or renovated space that are a direct result of the construction or renovation of the eligible space.

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

#### **Non-eligible costs**

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

#### **Requirements at the application stage**

When a proposal is submitted, an infrastructure project that includes construction or renovation must be developed well beyond the conceptual stage. The CFI expects institutions to have:

- Defined the needs for the building
- Explored and decided upon the most feasible option, and
- Determined reliable estimates of the construction or renovation costs (e.g., estimates by a quantity surveyor or contractor, use of industry standards, recent experience with a similar construction or renovation).

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

For all construction or renovation projects, institutions must provide:

- A complete description of the entire new space, including common elements (e.g., corridors, washrooms) (The description should include the location(s), size and nature (e.g., wet lab, dry lab, office, greenhouse) of the new space.)
- A timeline identifying key dates for the various stages of the proposed construction or renovation
- Floor plans of the proposed new area(s), showing the location of the infrastructure and the scale of the plans (when construction or renovation involves multiple rooms)
- A detailed breakdown of the overall cost of the construction or renovation project, categorized by cost component (i.e., direct costs, soft costs and contingency costs), when these costs are expected to be more than \$500,000.

### **4.6.3 Databases and digital libraries**

A research database is a systematic collection of information that is designed and structured for access and use as a research tool. It may be housed in one central location or distributed across a network. For the purpose of these guidelines, a digital library is considered to be a database. CFI funding will focus on

either the acquisition of a database or the time-limited design and development of a database to the point that it is ready for use by a designated research community.

#### **Eligible costs**

- Computers, communications hardware and software
- Purchase of existing datasets or digital collections
- Technical or professional work required for the time-limited design and development of a database to the point that it is ready for use by a designated research community, including:
  - Data cleaning (i.e., verification, editing), coding, format conversion, data entry and data transfer
  - Design, development, beta testing, piloting, commissioning and integration of the database
  - Merge and organization of existing data that are not already in usable reference units
  - Customization of tools to enhance value for the user (e.g., intelligent search)
- Development of user guides
- Construction or renovation of a facility to house and use the database.

#### **Non-eligible costs**

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

### **4.6.4 Advanced research computing**

The CFI expects advanced research computing (ARC) infrastructure to be integrated into the national ARC platform, through processes facilitated by the [Digital Research Alliance of Canada](#). Institutions should consult with the alliance for proposals that request ARC infrastructure. Visit the [alliance's website](#) to find out more.

ARC infrastructure normally includes systems or resources such as:

- Capacity or throughput computing
- Capability computing supporting tightly coupled, fine-grained applications
- Shared memory systems
- Systems supporting very large memory requirements
- High-performance storage
- Long-term storage
- Cloud computing
- Computing using specialized accelerators including GPU, CPU and others
- High-performance visualization systems
- Systems suitable for computational steering and interactive use.

Typically, such systems cost more than \$100,000.

## 4.7 Eligible costs for operation and maintenance of the infrastructure

The CFI provides funds to cover a portion of the operating and maintenance costs required for the effective and optimal use of CFI-funded infrastructure. Such costs include technical personnel, maintenance and repairs, and services that are directly associated with funded infrastructure and spaces.

### 4.7.1 Infrastructure Operating Fund

The costs of operating and maintaining CFI-funded infrastructure are eligible under the Infrastructure Operating Fund (IOF). Unlike most CFI funds, no partner funding is required. An eligible operating and maintenance cost for the IOF must meet the following conditions:

- The item to which it relates must have been funded by the CFI (i.e., it appears on the proposal or updated budget and/or the final financial report)
- The CFI-funded infrastructure project to which it relates must have been approved after July 1, 2001 and must not have been funded through the Canada Research Chairs Infrastructure Fund (2000–06), Career Awards (2002–06) or the international funds (2002 and 2007)
- The CFI-funded infrastructure project to which it relates must have passed the stage of award finalization. An award agreement must therefore be in place for the project
- The operating and maintenance activities must be needed to ensure the infrastructure can be used to carry out the proposed research
- The infrastructure must still be used for research purposes.

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

[Find out more about the Infrastructure Operating Fund.](#)

#### Eligible costs

- Salaries (including benefits) for technicians and professionals directly involved in the operation and maintenance of the CFI-funded research infrastructure (The full salary of the assigned personnel may be eligible if the infrastructure cannot be operated without their assistance.)
- Training for the main operator(s) of the research infrastructure, not included in the infrastructure award (It is expected that the main operator(s) will train other users. Alternatively, a group training session may be provided by the vendor at the institution.)
- Extended warranties and/or service contracts not included in the infrastructure award
- Extensions to warranty coverage, service contracts and software licences
- Maintenance and repairs
- Replacement parts
- Replacement of a CFI-funded infrastructure item needing repair, only if the replacement is more cost effective than the repair (The replacement item must have similar functionality.)
- Services (e.g., electricity, security, cleaning) that directly support space funded by the CFI or for space that is essential to house and use CFI-funded infrastructure, which may include common areas, if applicable
- Supplies and consumables needed to operate the research infrastructure (not to exceed 10 percent of the cumulative total IOF funding claimed by the institution).

#### Non-eligible costs

- Purchase or lease of real property
- Cost of equipment, installation and construction or renovation deemed eligible under an infrastructure award
- Upgrades related to the infrastructure

- Telephone, internet and cable or satellite television services that are not necessary to ensure the infrastructure can be used for research
- Insurance
- Costs not directly related to the CFI-funded infrastructure
- Trainee stipends (undergraduates, graduates and postdoctoral fellows) and researcher salaries
- Administrative, secretarial or clerical personnel not directly related to the operation and maintenance of the infrastructure (e.g., research services office, library, finance services)
- Any cost to conduct research activities
- Costs attributed to the dissemination of information such as promotion, publications or conferences
- Expenditures reimbursed by another funding source.

### 4.7.2 Major Science Initiatives Fund

The Major Science Initiatives (MSI) Fund provides support for the ongoing operating and maintenance (O&M) needs of research facilities of national importance for which the loss or absence of support would represent a serious setback for Canada. The CFI has established an oversight framework which guides the monitoring activities of the funded facilities. Oversight activities are tailored to the complexity of the facility.

[Find out more about the MSI Fund.](#)

## 4.8 Eligible partner contributions

Only those contributions to the eligible costs of an infrastructure project will be accepted as eligible partner contributions.

Consult the call for proposals for the [most recent MSI Fund competition](#) for eligible partner contributions specific to that fund.

### Eligible partners (Canadian or foreign)

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

### Non-eligible partners

- Canadian Institutes of Health Research (CIHR)
- Natural Sciences and Engineering Research Council (NSERC)
- Social Sciences and Humanities Research Council (SSHRC)
- Federal funding and programs administered by the three federal research funding agencies (e.g., Networks of Centres of Excellence, Canada Research Chairs, Research Support Fund, College and Community Innovation Program, Canada First Research Excellence Fund and New Frontiers in Research Fund)
- Knowledge Infrastructure Program and Post-Secondary Institutions Strategic Investment Fund (SIF)

The CFI will allow the cost of eligible items to be covered in part by these otherwise non-eligible partners, but that portion of partner funding cannot be used to leverage CFI funds. This means the CFI contribution will be based on the total cost of eligible items less the funding received from the non-eligible partner.

**Figure 1: Calculating CFI contribution when funding is received from non-eligible partners**

Full cost of eligible item	\$200,000
NSERC contribution to the purchase of eligible item	(\$40,000)
Portion of cost for which CFI funding will be calculated	\$160,000
Maximum CFI funding (40% of \$160,000)	\$64,000

A partner contribution that has already been used in full or in part to match funds for another project funded by CIHR, NSERC, SSHRC, any program administered by the tri-agency, the Knowledge Infrastructure Program or the Post-Secondary Institutions Strategic Investment Fund will not be recognized as an eligible partner contribution for a CFI-funded project.

All partner contributions must be secured within nine months following a CFI decision. At the application stage, institutions must provide a plan for securing the funds within this time frame. A funding request to a provincial program is sufficient but an application to an agency that reviews and decides on funding independently of the CFI's decisions is not.

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

In addition, partners may contribute to projects for purposes outside those included in the definition of eligible research infrastructure. These contributions should be described in the proposal to further highlight the interest and commitment to the project, but they will not be counted as eligible contributions in the infrastructure project.

## 4.9 Eligible in-kind contributions

Eligible in-kind contributions are defined as non-monetary resources that external partners offer as a contribution toward a CFI-funded project. It may include the value, in whole or in part, of eligible capital items or non-capital items that are needed to bring the infrastructure into service. The CFI recognizes eligible items involving in-kind contributions at fair market value.

However, in-kind contributions to the operating costs of research will not be accepted.

Furthermore, contributions made by the recipient institution or by participating institutions, in the case of multi-institutional projects, should be considered cash contributions, not in-kind contributions.

## 4.10 Eligibility dates

Institutions are responsible for ensuring that cash and in-kind contributions from eligible partners have been made, as well as expenditures incurred, after the eligibility date set for each fund.

Expenditures are considered incurred when goods are received, services have been rendered or work has been performed.

Eligibility dates are provided in the call for proposals for each fund or competition, or consult our list of [dates for contributions and expenditures to be eligible](#).

## 5.0 Application and review process

Details of the application and review process are outlined in the sections that follow.

### 5.1 Before submitting a proposal

Before submitting a proposal, institutions must have an institutional agreement and strategic research plan in place, as well as some other requirements for certain types of projects.

#### 5.1.1 Institutional agreement

Before submitting a proposal to the CFI, an institution must sign an institutional agreement. This agreement defines the conditions under which the institution may use CFI funding.

Use the [fillable pdf forms to submit new or revised institutional agreements](#).

Email the completed form to the Senior Programs Officer or Programs Officer assigned to your institution. After we receive the completed form, we will send it to the institution's president to be signed through DocuSign.

In the institutional agreement, the president of the institution designates one or two authorized signatories, an account administrator and a liaison to act on their behalf.

#### Authorized signatory

The authorized signatory is authorized to sign and submit letters confirming that notices of intent, proposals and award agreements have been submitted, as well as to submit notices of intent, proposals, award finalization forms and project progress reports in the CFI Awards Management System (CAMS).

#### Account administrator

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

#### Liaison

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

Institutions should communicate any change to these roles to the CFI via their Senior Programs Officer.

#### 5.1.2 Strategic research plan

The CFI requires each eligible institution to submit a strategic research plan (as either a summary document with a maximum of five pages, or a full plan). This plan sets priorities based on the institution's vision for the future. We encourage institutions to build on their distinct advantages and to set priorities in areas that integrate ideas and knowledge from many disciplines and sectors. When completing the strategic research plan, institutions should:

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

Proposals submitted to the CFI are expected to be aligned with the institution's strategic research plan. For specific funds, we provide the strategic research plan to the review committees. We therefore expect institutions to update us any time it revises its strategic research plan.

### 5.1.3 Special requirements for certain types of infrastructure projects

Institutions must ensure that researchers follow existing guidelines and adhere to the requirements for their research project. In signing the institutional agreement, the institution agrees to conform to relevant regulatory requirements and applicable laws and guidelines, including but not limited to the:

- [Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans](#)
- Federal government's [National Security Guidelines for Research Partnerships](#)
- [Drugs and health products guidance documents on clinical trials](#) from Health Canada
- [Tri-Council Policy Statement: Privacy and Confidentiality](#)
- [Conflict of Interest and Confidentiality Policy](#) of the federal research funding organizations
- Canadian Council on Animal Care's [guidelines for animal care](#)
- [Canadian Biosafety Standards and Guidelines](#)
- Canadian Nuclear Safety Commission's [regulations, recommended procedures and safety precautions](#)
- Provincial, territorial and federal government regulations pertaining to environmental assessment, as outlined in the [Impact Assessment Act](#)
- Licensing and regulations for research and research facilities for the [Yukon](#), [Northwest Territories](#) and [Nunavut](#)
- Federal government's [Impact Assessment Act](#), [Conflict of Interest Act](#) and [Lobbying Act](#).

## 5.2 Submitting a proposal

Instructions for completing notices of intent and proposals can be found in the call for proposals. The proposal must be completed by the project leader and submitted electronically by the institution through CAMS. For projects that involve two or more eligible institutions sharing CFI funding, the proposal must be submitted by one applicant institution on behalf of the group. Any other eligible institution (including affiliated entities) that will receive funding must be identified in the proposal and must have signed the institutional agreement. This requirement also applies when funding will be transferred entirely to another institution (e.g., an affiliated entity).

### 5.2.1 Integrating a proposal with an institution's portfolio of projects

We encourage institutions to consider how a given project integrates with their portfolio of projects. An institution may have projects that are thematically related or which share space, for example. When that is the case, considering projects as a portfolio may help to improve decision making, optimize implementation, find efficiencies and enhance sustainability of the infrastructure. For example, it might be beneficial for an institution to pool infrastructure needs for related projects or to optimize the design of constructed space for these projects.

## 5.3 Review criteria

The CFI has established a rigorous merit-review process that rewards excellence. The CFI relies on experts from across Canada and around the world to ensure that only the very best projects receive funding. CFI funding is awarded to institutions, not individual researchers, and all proposals must support an institution's strategic research plan.



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

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

Each CFI fund or competition has specific objectives and assessment criteria detailed in the call for proposals. Applicants must demonstrate how the project satisfies each criterion standard or objective for the fund or competition.

## 5.4 Merit-review process

All proposals requesting CFI funding are subject to formal independent merit-review. In the case of competition-based funds, the review process will determine the degree to which a proposal satisfies the criterion standards relative to competing proposals. In the case of the John R. Evans Leaders Fund, which is an allocation-based fund, the review process will determine the degree to which a proposal satisfies the criteria relative to the CFI's standard of excellence.

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




Competition-based funds typically use a two- or three-stage review process:

- Review by an Expert Committee
- Review by a Multidisciplinary Assessment Committee (MAC)
- Review by a Special Multidisciplinary Assessment Committee (S-MAC).

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

### Figure 2: The CFI's merit-review process

A three-step approach:

-  **Step 1**  
Upon receipt of the proposal, CFI staff conduct an administrative review (to ensure completeness, eligibility and readiness for review)
-  **Step 2**  
Proposal undergoes a one-, two- or three-stage review process (tailored to the type of funding program under which the proposal is submitted)
-  **Step 3**  
The CFI receives funding recommendation (full or partial) plus any associated conditions and prepares funding recommendations for approval by our Board of Directors

### 5.4.1 Governing principles for reviewers

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

### **5.4.2 Collaboration with the provinces and territories**

As part of the review process, the CFI may share information with relevant provincial or territorial ministries to avoid duplication of work. The CFI may also offer the provincial or territorial ministries an opportunity to submit their views on projects for which they are being asked for funding.

## 6.0 Administration of CFI awards

The information presented in sections 6.1 to 6.9 applies to awards for research infrastructure projects. Guidelines pertaining to the Infrastructure Operating Fund are included in [6.10 Infrastructure Operating Fund allocation and release of funds](#).

### 6.1 Management and oversight of CFI awards

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

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

#### 6.1.1 CFI oversight framework

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

The CFI works collaboratively with each institution in the management of project-related risks. We incorporate input from institutions about their management and oversight activities into TRAAM; this may influence our risk assessment and level of oversight activities. As such, we may share with institutions the TRAAM report for each project where the CFI contribution is \$1 million or more and for other projects deemed to be other than low risk. Over the course of each project, the CFI risk assessment will be revisited annually, or more frequently based on need. We will also modify our oversight activities to reflect any changes in risks for the project.

#### 6.1.2 Institutional management and oversight

Effective institutional management and oversight of CFI-funded projects requires that appropriate policies, practices, processes and controls be in place. These are the responsibility of the institution and are neither described nor prescribed in this guide. Institutions will develop their own management and oversight activities for CFI projects, tailored to the complexity and scale of each project. The CFI does not expect institutions to automatically adopt the standard CFI guidelines for its own management and oversight activities. As an example, we may ask that an institution submit an annual financial report for a

given project to monitor whether the project is being implemented on a timely basis, but an institution may want to review quarterly internal financial and progress reports if the implementation of the project is complex.

In our management of the projects we fund, we also encourage the institution to consider how a given project integrates with its portfolio of projects. This consideration may lead to improved decision making, optimal implementation and efficiencies, and enhanced sustainability of the infrastructure.

## 6.2 Award finalization

### 6.2.1 Conditions

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. Responses to conditions must be submitted in writing by the president of the institution or an authorized signatory and be approved by the CFI before any funds will be released.

### 6.2.2 Award finalization documents

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

- An [award finalization form](#), to be submitted electronically in CAMS
- If required, an updated budget, to be submitted electronically in CAMS
- If applicable, an inter-institutional agreement, a memorandum of understanding or other relevant agreements (emailed to the institution's Senior Programs Officer)
- For items involving an in-kind contribution in excess of \$500,000, a description of the valuation method used or expected to be used (emailed to the institution's Senior Programs Officer)

### 6.2.3 Award finalization deadline

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

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

- Set a maximum CFI amount and total project costs
- Work with institutions to agree on a schedule to finalize the budgeting details for each phase of the project.

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

### 6.2.4 Construction or renovation deadline

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

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

## 6.2.5 Updated budget

An updated budget is normally not required at the award finalization stage. However, this may be needed if one or more of the following situations occurs:

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

### Changes to infrastructure

If an updated budget is required, the institution must indicate any proposed changes to the original infrastructure. In the case of construction or renovation, institutions must notify the CFI if changes have been made to the information provided in the proposal (e.g., changes in floor plans, size and nature of the space), even if the changes result in little or no impact on the total construction or renovation cost. Revised floor plans and associated information must be forwarded to the CFI.

### Cost estimates

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

### Submitting an updated budget

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

## 6.2.6 Multi-institutional projects

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

The recipient institution is responsible for:

- Submitting to the CFI a copy of the signed inter-institutional agreement. At minimum, the agreement should state:
  - The institution that will act as the administrative centre for the project
  - The roles and responsibilities of each institution for the infrastructure project
  - The long-term operating and maintenance plan for the infrastructure
  - The fund-sharing agreement between the institutions, including any infrastructure operating funds
  - The current plan for access to the infrastructure

- Ensuring that all participating institutions are knowledgeable of the CFI's guidelines with respect to the administration of CFI awards, as well as the required supporting documentation
- Receiving funds and making payments to other participating institutions as per the inter-institutional agreement
- Ensuring that distribution of funds is made only to CFI-eligible institutions
- Ensuring that only CFI-eligible institutions will exercise de facto control over and hold a majority interest in the CFI-funded infrastructure
- Preparing consolidated financial reports and project progress reports
- Liaising with the CFI for change requests and notifications and to address other issues, as required
- Coordinating audit work in the event that the project is audited (e.g., obtaining transaction details and supporting documentation, resolving issues)
- Having adequate oversight processes and controls to ensure proper management of CFI funds at participating institutions in the event that the inter-institutional agreement does not transfer this responsibility to the participating institutions.

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

### 6.2.7 Changes to contributions

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

- The CFI made an administrative error (e.g., miscalculation, erroneous removal of items in cases of partial funding)
- The project was funded under a program that operates with institutional envelopes (e.g., [John R. Evans Leaders Fund](#)), and compelling justification has been provided
- A highly complex project is facing exceptional and unforeseeable circumstances that could put it at severe risk. In this case, the following criteria must be met:
  - The project is unique and complex (e.g., unique technology, national or international scope)
  - The project is confronted with an exceptional situation that could not reasonably have been predicted at the application stage, despite due diligence
  - The project is confronted with a funding shortfall that jeopardizes its success, timeliness and relevance
  - The project is confronted with unexpected cost increases that are not the result of a change in the nature of the project and its research objectives, which would require a reassessment of the project in the context of a competition
  - The institution provides evidence of a thorough investigation of alternative approaches showing that it cannot reduce the scope of the project
  - The institution can demonstrate its partners' collective interest in change and willingness to assist in the increased costs, with the CFI providing up to 40 percent of the increase and the partners 60 percent or more.

We expect few such requests and reserve the right to review this approach for unique and highly complex projects based on our past experience.

## **6.3 Award agreement and instalment schedule**

### **6.3.1 Award agreement**

For each approved project, the CFI prepares an award agreement with the recipient institution. Institutions are required to sign the agreement, thereby accepting the terms and conditions of the funding.

The award agreement indicates the maximum allowable CFI funding share of eligible costs (typically 40 percent) and the maximum CFI amount. It also contains the instalment schedule and financial reporting requirements which vary depending on the size and complexity of the project, as well as any additional conditions of funding.

### **6.3.2 Release of funding**

The CFI releases funding to the recipient institution once all finalization documents have been received and satisfactorily reviewed and any specific conditions have been addressed. All instalments to institutions are subject to the CFI receiving funding from the Government of Canada, which is subject to sufficient parliamentary appropriations.

Instalment payments by the CFI to institutions are also subject to review and authorization of each instalment by CFI management and the fulfillment of any condition that may be applicable to the payment of such instalments.

The CFI reserves the right to defer or suspend subsequent instalments if transfers received from the Government of Canada are reduced or cancelled due to insufficient parliamentary appropriations, if an institution fails to comply with CFI policies or any of the terms or conditions agreed upon or if the need for funds is not demonstrated.

The CFI sends funds only to the recipient institution. For multi-institutional projects, the recipient institution is responsible for receiving and distributing the funds to other participating institutions according to the terms of the inter-institutional agreement. For large and complex projects where funding for construction or renovation is requested, it is possible that the instalment for the equipment to be located in the constructed or renovated space will be paid only when this space is ready to house the equipment. This will be determined following the CFI's risk assessment for the project. The CFI makes electronic deposits to a pre-arranged bank account. The CFI sends the account administrator and the liaison a payment notification via email.

### **6.3.3 Instalment schedule**

The CFI establishes the instalment schedule at the time of award finalization taking into account the expected timeline for disbursements to be made by the institution, size of the award and parameters affecting the risk of the project.

The planned instalment schedule is included in the award agreement. The CFI may subsequently revise the schedule based on monitoring activities, such as review of financial reports and other progress reports submitted by institutions. The CFI communicates any revisions to the institution.

The CFI will withhold all institutional payments when an institution does not comply with reporting requirements for any of its awards.

### **6.3.4 Holdback amounts**

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

The purpose of the holdback amount is to ensure that the CFI's contribution in any given period remains as close as possible to the maximum allowable CFI funding share of eligible costs. After adjustments are

made to reflect actual expenditures, the holdback amount for a given period is normally released within three months of submission of the financial report. The amount of the holdback released every period for each project is based on a review of the information presented in the financial report to ensure that:

- Instalments match, as closely as possible, the expected disbursements
- There is satisfactory progress in the acquisition and development of the infrastructure.

### **6.3.5 Final instalment**

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

## **6.4 Account administration**

### **6.4.1 Procurement of infrastructure**

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

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

### **6.4.2 Acceptance of cash back or other benefits from a supplier**

When providing pricing on CFI-funded infrastructure, suppliers may suggest that instead of a special discount (considered by the CFI as an in-kind contribution), the equivalent in cash or other benefits (including additional items) be given to the institution. The CFI does not endorse the procurement of infrastructure that would be linked to a promise of cash back or other benefits that would be advantageous to the institution but not related to a CFI-funded project. If this occurs, the cost of the infrastructure purchased from the supplier must be reported to the CFI net of the cash back or value of the benefit received from the supplier (i.e., fair market value less cash back or value of benefit). However, if the cash back or other benefits are advantageous to the CFI-funded project or portfolio of CFI-funded projects, the CFI will accept that the infrastructure purchased from the supplier be reported to the CFI at fair market value (as defined in [6.5.1 Definitions](#)). Consult our [cash back reporting scenarios and examples](#).

### **6.4.3 Maintaining financial records and tracking expenditures and contributions**

The recipient institution and other eligible institutions participating in a multi-institutional project are responsible for the administration of CFI contributions and for tracking project expenditures and partner contributions. They must maintain adequate financial records and ensure that the expenditures and partner contributions comply with the CFI policies and guidelines outlined in this guide. This requirement



is also specified in the institutional agreement and imposed as a condition of funding in the award agreement.

The institutions must also ensure that cash and in-kind contributions from partners have been received and expenditures have been incurred after the date of eligibility set for each fund, as outlined in the call for proposals for each fund or competition.

The account administrator is responsible for ensuring that the CFI is not charged more than the maximum allowable CFI funding share of eligible costs (typically 40 percent) or the maximum CFI amount, whichever is lower. Unless otherwise indicated in this guide, administration and accounting procedures for each project must conform to institutional standards, practices and policies.

### **Financial records**

Institutions must maintain a verifiable audit trail for all transactions reported in a CFI-funded project, including in-kind contributions. It must also maintain separate project accounts for each CFI-funded project. The financial records must identify the various funding sources and the full actual cost of all eligible items (i.e., items presented in the proposal or updated budget and/or the final financial report) in a CFI-funded project, even if the cost of these items exceeds the estimated cost reported in the proposal or latest approved amendment.

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

Institutions must not report to the CFI or provide financial records for items that do not constitute eligible items, even if they are related to the project. Costs must be assigned to appropriate project accounts on a regular basis, at a minimum prior to the filing of the financial report. Financial records must reconcile to the financial report submitted to the CFI.

### **Retention of supporting documentation**

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

### **Cost allocation of a single item shared between projects**

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

### **Basket purchases**

If the institution is unable to obtain from the vendor details of the purchase price and its allocation among infrastructure items, the cost of each item acquired as part of a basket purchase (i.e., a group of items acquired for a single amount) can be determined by allocating the price paid for the basket to each item on the basis of its relative fair market value at the time of acquisition. Details of the cost allocation should be documented and made available upon request. Unless otherwise required by institutional accounting practices, when the infrastructure items purchased are reported in the CFI budget as a functional group, the institution does not have to allocate the price paid to each item within the functional group.

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

### Cost-allocation method

When the CFI funds a portion of a larger construction or renovation, the estimated costs for the CFI-funded space must reflect, as accurately as possible, the actual cost of this space. Costs for common elements and soft costs must be pro-rated to the CFI-funded portion of the undertaking. In such instances, it is the responsibility of the institution to develop an appropriate cost-allocation method.

Consult our [framework for allocating construction and renovation costs and examples of detailed and simplified cost allocation methods](#). The CFI will allow an institution to use a simplified cost-allocation method only if the average cost of the CFI-funded space is representative of, or higher than, the average cost of the overall undertaking.

### Financial reporting

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

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

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

## 6.4.5 Supporting documentation

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

- Senior management has authorized the use of electronic images as part of the institution's normal course of business
- The institution has established and documented systems and procedures for the imaging program, and these have been approved by senior management
- The images are of good quality and are legible and readable when displayed on a computer screen and reproduced on paper
- The institution has adequate electronic record-keeping policies, procedures and practices to ensure the reliability, integrity and authenticity of the electronic records and the records management system. Institutions should refer to the National Standards of Canada publication, [Electronic records as documentary evidence](#) (CAN/CGSB-72.34-2017).

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

## Supporting documentation for expenditures

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

## Personnel costs

- For personnel costs, supporting documentation for time spent and nature of activities performed as indicated in [Table 3](#) and for rate, fee or fixed percentage as indicated in [Table 4](#).

## Construction or renovation

- For construction or renovation, scaled floor plans showing location of the area funded by the CFI and the size, description and nature of all such areas (e.g., wet lab, dry lab, office, greenhouse), including non-usable space or common elements (e.g., corridors, washrooms). The distinction between usable and non-usable space must be clear.
- For construction or renovation for which the CFI component is part of a larger undertaking:
  - Description of the costing approach used and the analysis leading to the determination of the eligible costs reported to the CFI in the updated budget and financial reports. Consult our [framework for allocating construction and renovation costs and examples of detailed and simplified cost allocation methods](#).
  - Confirmation from the architect of:
    - The actual gross and net floor areas for the entire undertaking
    - The actual net area of the CFI-funded space, with reference to attached floor plans.

**Table 3: Time spent and nature of activities**

Practice	Supporting documentation
Actual salary plus benefits, multiplied by the actual time spent <b>or</b> Internal rate reflective of average salary plus benefits, multiplied by the actual time spent <b>or</b> Internal rate reflective of average salary plus benefits plus overhead component, multiplied by the actual time spent	Time records signed by the individual and approved by the supervisor supporting the amount of time and the activities performed (e.g., time sheets)  At a minimum, these should be obtained prior to filing a financial report (usually annually). A single time record covering the entire period since the last filing is acceptable, as are time records completed on a more frequent basis. The CFI also accepts a confirmation of this information from another person (e.g., project leader or department

Practice	Supporting documentation
	head) if that person is knowledgeable of the time spent and the activities performed. Consult our <a href="#">sample template for personnel costs</a> .
Fee for service	Description of services rendered or work performed
Fixed percentage of construction or renovation costs for architectural and/or engineering and/or project management costs	Description of services rendered or work performed

If the department issues an invoice for services rendered, the invoice may serve as acceptable documentation for both the time spent (if applicable) and the nature of the activities, as long as the details of those are included.

**Table 4: Rate, fee or fixed percentage**

Practice	Supporting documentation
Actual salary plus benefits, multiplied by the actual amount of time spent	Supporting evidence for the individual's salary rate and benefits charged (e.g., letter of hire or change in salary rate, payroll records)
Internal rate reflective of average salary plus benefits, multiplied by the actual amount of time spent	Description of the method used by the institution to establish the rate Evidence to support that the internal rate used is the same as the one charged to other internal clients (e.g., approved rate by central administration, internal rate made public to the internal community, evidence of same rate charged to other internal clients not related to a CFI-funded project)
Internal rate reflective of average salary plus benefits plus overhead component, multiplied by the actual amount of time spent <b>OR</b> Fee for service <b>OR</b> Fixed percentage of construction or renovation costs for architectural and/or engineering and/or project management costs	Description of the normal practice of the institution and confirmation that the practice used to report expenditures in the CFI-funded project is consistent with the normal practice of the institution for other internal clients not related to a CFI-funded project Description of the method used by the institution to establish the rate, fee or fixed percentage Evidence to support that the internal rate, fee or fixed percentage used is the same as the one

## Practice

## Supporting documentation

charged to other internal clients (e.g., approved rate by central administration, internal rate made public to the internal community, evidence of same rate charged to other internal clients not related to a CFI-funded project)

Evidence to support that the rate, fee or fixed percentage used is less or equal to fair market value (e.g., industry benchmarks published by [Hanscomb Ltd.](#) or [RSMeans](#) for the appropriate region and time period, invoices for similar services paid by the institution to external providers in the same time period, etc.)

### Supporting documentation for contributions

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

### Other supporting documentation

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

Additional requirements apply to the Infrastructure Operating Fund (see [6.10.5 Additional supporting documentation](#)). For items involving in-kind contributions, see [6.5 Items involving in-kind contributions](#) as additional documentation requirements may apply.

## 6.4.6 Foreign currency transactions

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

## 6.5 Items involving in-kind contributions

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

Institutions may request consideration of an in-kind contribution by suppliers but should not ask for a specific amount or percentage, since this is to be provided by the supplier on a voluntary basis. The CFI

does not endorse the procurement of infrastructure that results in an overestimation of the value of the item and of the in-kind contribution. Institutions must exercise careful judgment, recognizing the risk of overestimation in certain instances, and ensure that in-kind contributions reported to the CFI are real and properly valued.

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

## 6.5.1 Definitions

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

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

**Educational discount:** The discount offered to an institution due to its educational status.

**Net selling price:** The cash consideration paid or payable by an institution.

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

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

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

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

### In-kind contributions from suppliers

To help establish the fair market value of an item involving an in-kind contribution, the institution should obtain confirmation from the supplier of the price that would have normally been charged to the institution for the item or service (i.e., the price after normal and educational discounts but before any discount offered as a contribution toward the CFI-funded project). This confirmation could be included in a

quotation, competitive bid document, invoice or letter. The institution should also consider other readily available information such as, for example:

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

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

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

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

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

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

Consult our [Resources to apply and manage your award page](#) to find:

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

### **6.5.3 Reporting of items involving in-kind contributions**

For items involving in-kind contributions, the eligible cost to be reported to the CFI is the fair market value after discounts (including normal and educational discounts, [see 6.5.1 Definitions](#)), but before the in-kind contribution.



**Figure 3: Calculating the eligible cost of items involving in-kind contributions**

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

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

## 6.6 Changes to infrastructure projects

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

### 6.6.1 Changes to the infrastructure

The CFI funds specific items of a research infrastructure project that have been subject to a merit review. As such, institutions are expected to use CFI funds to purchase the infrastructure items identified in the proposal.

#### Making acceptable changes

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

- The institution will still be able to complete the remainder of the project as initially presented to the CFI in the proposal
- The infrastructure is directly related and essential to the project
- The proposed change has a positive impact on the project and research objectives, and/or the proposed change will benefit the portfolio of CFI-funded projects at the institution
- The new or replacement item constitutes an eligible cost
- The institution will be able to operate and maintain the infrastructure over its useful life and will assume all related costs.

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



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

### **Changes having a negative impact**

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

- The non-purchase of an infrastructure item included in the proposal or a decrease in the quantity of an item that negatively impacts the extent or quality of the research
- The purchase of an infrastructure item with significantly different functionalities detrimental to the research project or resulting in a significant change in scientific methodology or an overall loss of functionality due to, for example:
  - A significant decrease in infrastructure output capacity
  - Deterioration in the infrastructure output quality
  - A decrease in the infrastructure's life expectancy
- The purchase of an item with lesser functionalities at a lower cost to compensate for unforeseen increases in construction costs
- A change in the nature of constructed or renovated space (e.g., change of wet lab to office space) or a reduction in the total amount of space that lowers the number of researchers being accommodated
- A change in the location of equipment or CFI-funded space that negatively impacts the project and its research objectives
- The purchase of a new item that would prevent an institution from purchasing other essential items initially requested in the proposal, and thus negatively impacting the project.

### **Changes requiring pre-approval from the CFI**

Unless otherwise instructed by the CFI, institutions must obtain pre-approval from the CFI for:

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

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

### **Submitting a change request**

Institutions must submit change requests through the amendment module in CAMS. All requests for changes should include a rationale for the change, demonstrating how it is essential to the approved project and describing the impact of the change on the project. The CFI may seek the advice of expert reviewers for requested changes.

## **6.6.2 Delays in the acquisition of the infrastructure and project completion**

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

Therefore, it is important for the institution and the CFI to carefully monitor the implementation of each project.

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

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

**Project completion**

Institutions must normally complete the project within the anticipated end date indicated in the award agreement. Institutions can incur expenditures after the anticipated end date without requesting pre-approval from the CFI as long as the actual end date falls within six months of the anticipated end date. The actual end date of a project is the date at which the infrastructure has been acquired or developed and is operational and all expenditures have been incurred (i.e., goods received, services rendered or work performed). The end date is not the date of submission of the final financial report.

However, institutions must request pre-approval from the CFI if they will not be able to acquire or develop the infrastructure within six months of the anticipated end date per the award agreement. If the end date of a project has been extended once, any further revisions to the end date require pre-approval from the CFI. Institutions have six months after the actual end date to submit the final financial report. See the examples in Figures 4 and 5.

**Figure 4: End date (pre-approval from the CFI not required)**

Anticipated end date (per award agreement)	Actual end date	Final financial report due date
December 31, 2016 *	March 15, 2017 *	September 15, 2017

\* Actual end date is less than six months after anticipated end date therefore CFI approval is not required.

**Figure 5: End date (pre-approval from the CFI required)**

Anticipated end date (per award agreement)	Actual end date	Final financial report due date
December 31, 2016 **	August 31, 2017 **	February 28, 2018

\*\* Actual end date is more than six months after anticipated end date therefore CFI approval is required. Any further revisions to the end date require pre-approval from the CFI.

### 6.6.3 Other changes

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

- There will be a change in project leader
- There will be a change in status of any of the candidates of a John R. Evans Leaders Fund project
- The institution is unable, for any reason, to complete a project or is unable to comply with award conditions (Termination procedures will be established on a case-by-case basis.)

### 6.6.4 Differences in total eligible costs

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

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

## 6.7 Financial reporting

### 6.7.1 Submission deadlines

The CFI determines an institution's financial reporting frequency based on the size of the award and other parameters affecting the risk of the project. The reporting requirements for each project are defined in the award agreement, but may be modified by the CFI (and communicated to the institution) if there are changes to the project risk factors.

For interim financial reports that are due annually or every two years, the submission deadline is June 15. Institutions must report cumulative results as at March 31 of the same year for any ongoing project that received CFI funds prior to April 1 of that year (for annual reporting), or prior to April 1 of the previous year (for every two year reporting). If the institution will submit a final financial report by September 30 of that year, it does not need to submit an interim financial report. This means that projects that are completed quickly may only ever have to submit a final financial report. The final financial report must be submitted within six months of project completion (see [6.6.2 Delays in the acquisition of the infrastructure and project completion](#)).

The CFI will withhold all institutional payments when an institution does not comply with reporting requirements for any of its awards. Institutions must submit all financial reports electronically in CAMS.

### 6.7.2 Content of financial report

The financial report includes information on:

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

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

### **6.7.3 Request for final instalment**

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

- The information provided in the financial report is accurate
- The resources are available for the operation of the infrastructure over its useful life
- The administration of the funding is in accordance with this Policy and program guide, the institutional agreement and the award agreement
- The project is now complete (i.e., all the infrastructure has been acquired or developed and is operational, and all costs have been incurred).

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

## **6.8 Operation and maintenance of CFI-funded infrastructure**

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

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

- The guiding principles as well as the decision-making and approval processes related to the provision of operating and maintenance support
- The way the Infrastructure Operating Fund will be allocated
- A list of other available sources of operating and maintenance support
- The person project leaders should contact for operating and maintenance support when allocated funds have been exhausted.

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

## **6.9 Monitoring and auditing activities**

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

## 6.9.1 Monitoring visits

The CFI conducts monitoring visits at recipient institutions.

The objectives of the monitoring visits are threefold:

- **Oversight:**
  - Understand and assess the adequacy of the key policies, practices, processes and controls in place at the institution for the management of CFI awards
- **Value to the institution:**
  - Provide information on CFI policies, guidelines and expectations for accountability, integrity and communication with stakeholders, and share examples of good practices used by recipient institutions in managing CFI awards
  - Bring to the institution's attention possible areas to improve efficiency
- **Feedback and knowledge building:**
  - Obtain feedback from the institution that will help the CFI ensure that its policies, guidelines and expectations are clear and adequate
  - Gain knowledge in specific areas of interest to the CFI.

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

## 6.9.2 Contribution audits

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

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

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

## 6.10 Infrastructure Operating Fund allocation and release of funds

### 6.10.1 Institutional allocation

The CFI allocates an amount of funding that each institution can access from the Infrastructure Operating Fund (IOF). We calculate that amount as a percentage of our contribution to research infrastructure projects at the institution.

For projects approved by the CFI Board of Directors after July 1, 2001, institutions are usually allocated 30 percent of the maximum CFI amount approved at award finalization. Projects funded on or before that date or through the following are not allocated support from the IOF:

- Major Science Initiatives Fund
- Canada Research Chairs Infrastructure Fund (2001–06)
- Career Awards (2002–06)
- International funds (2002 and 2007)
- Exceptional Opportunities Fund – COVID-19.

A separate IOF allocation is available for research infrastructure funded through the Biosciences Research Infrastructure Fund (BRIF).

You can view the details of your institutional IOF allocation, including payments from the CFI and the unpaid amount of the allocation in CAMS.

### 6.10.2 Award agreement

The CFI prepares an IOF award agreement with institutions at the time of the first IOF payment or IOF annual report, whichever comes first. This agreement describes how the institution's IOF allocation will be determined, the reporting requirements and the general terms and conditions of the funding. To receive IOF payments, institutions must sign the agreement, thereby accepting the terms and conditions of the funding.

IOF payments begin a set amount of time after project award finalization. We will usually make payments two years after finalization from 2024 onwards. Consult our [transition plan for how and when the CFI makes payments from the IOF to institutions](#).

Payments are made in the spring of each year. You will receive advance notice and detailed calculation of the amount if a payment is due to your institution.

Earlier or additional payments can be requested in your IOF annual report (e.g., if the spring payment is insufficient to cover your planned IOF needs for the year).

Total payments cannot exceed the institution's available IOF allocation at any given time. Unlike infrastructure project payments, there is no holdback amount on IOF payments.

### 6.10.3 Use of funds

IOF support may only be used for eligible operating and maintenance costs of CFI-funded infrastructure projects as described in [4.7.1 Infrastructure Operating Fund](#). The IOF allocation generated by BRIF projects may only be used for eligible costs in support of those projects.

The institution can distribute its IOF allocation based on the actual operating and maintenance needs of each project rather than distributing the exact amount to each project that generated it. This allows institutions the flexibility to support projects with different needs and scope, while ensuring accountability.

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

### 6.10.4 Annual report

If an institution signed an award agreement to receive IOF payments, it is required to submit an IOF annual report electronically in CAMS by June 15 each year until it exhausts its available allocation. In it, the institution reports on the eligible operating and maintenance costs (see [4.7.1 Infrastructure Operating Fund](#)) incurred in the previous April 1 to March 31 period. The actual costs you report may include outstanding commitments if the expenditure has been incurred (i.e., work performed, goods received or services rendered) but the invoice was not paid in the period ending March 31.

If you have received funding through BRIF, a separate IOF annual report must be submitted.

Expenditures reported under the IOF are subject to the usual institutional tendering and purchasing policies and procedures.

We aim to keep the administration of the IOF fund as simple as possible, minimizing the reporting and documentation requirements while ensuring accountability. Since the costs of operating and maintaining research infrastructure often exceed an institution's IOF allocation, we only require institutions to be able to demonstrate that those costs were at least equal to the costs reported in the IOF annual report, and that the costs reported were not claimed for reimbursement from another source. We encourage institutions to focus their efforts in the report on higher-value expenditures within a limited number of CFI-funded infrastructure projects, keeping the number of items reported and associated supporting documentation to a minimum.

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

The CFI will withhold all institutional payments when an institution does not comply with reporting requirements for any of its awards.

### 6.10.5 Additional supporting documentation

In addition to documents listed in [6.4.5 Supporting documentation](#), institutions must also be prepared to provide the following supporting documentation for all actual expenditures reported in its IOF annual report. Institutions must keep on file all documentation for audit purposes for a minimum of six years and provide it upon request. This six-year period starts at the end of the fiscal year to which the records relate.

#### Supporting documentation for salaries

- Supporting documentation for salaries of technicians and professionals directly involved in the operation and maintenance of CFI-funded infrastructure includes:
  - Description of the operating and maintenance activities performed and certification that the infrastructure cannot be operated without the assistance of the assigned personnel (This certification must be obtained annually and must be signed by the employee and approved by the supervisor. The CFI will also accept certification of this information from another person (e.g., project leader or department head) if this person is knowledgeable of the activities performed by the employee.)
  - Supporting evidence for the individual's salary rate and benefits (e.g., letter of hire or change in salary rate, payroll records).

Consult our [sample template for reporting and documenting salaries of technicians and professionals](#).

#### Supporting documentation for electricity costs

- When reporting the cost of electricity related to CFI-funded equipment, institutions can choose to use a detailed or a simplified method for calculating these costs:
  - **Detailed method:** The institution must establish an appropriate method to calculate the actual electricity costs and must keep supporting documentation on file.
  - **Simplified method:** The institution need not calculate the actual electricity costs but must use the provincial rate prescribed by the CFI (rate is updated annually). This rate should be multiplied by the electrical consumption of the equipment. The institution must keep on file supporting documentation.

Consult the [current electricity costs rate table](#), which also includes a template for how to document these costs.

## Supporting documentation for facilities charges

- When reporting facilities charges related to space essential to house and use CFI-funded infrastructure, institutions can choose to use a detailed or simplified method for calculating these costs:
  - **Detailed method:** The institution must establish an appropriate method to calculate the actual facilities costs and must keep on file supporting documentation.
  - **Simplified method:** The institution need not calculate the actual facilities costs but must use the provincial rate prescribed by the CFI for the type of space (rate is updated annually). This rate should be multiplied by the amount of space essential to house and use CFI-funded infrastructure. The institution must keep supporting documentation on file.

Consult the [current facilities charges rate table](#), which also includes a template for how to document these costs.

## Other supporting documentation for the Infrastructure Operating Fund

- Identification of the CFI-funded infrastructure project(s) for which eligible operating and maintenance costs are reported (The expenditure must be directly related to an infrastructure project eligible to receive funding from the IOF.)
- Confirmation obtained by the institution from the project leader(s) (at a minimum annually) that the infrastructure is still used for research purposes (The institution must: certify in its IOF annual report that it has obtained these confirmations; keep them on file; and provide them upon request.)

## 6.10.6 Oversight activities

We perform a number of financial oversight activities for the IOF. For example, we review and monitor IOF needs and the rate at which the funds are used. We also may follow up with an institution to request additional information in order to better inform our decisions.

During institutional monitoring visits, we discuss IOF policies and practices and may also review a sample of IOF expenditures to validate the financial controls in place.

When requested, institutions must provide access to the supporting documentation and other information related to the IOF award, including funds transferred to other eligible institutions. If a recipient institution has transferred funds to another institution (e.g., an affiliated research hospital or another participating institution), the CFI may monitor the award account at the location where the funds were spent.

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



## 7.0 Performance reporting

The CFI collects performance data and information on funded projects through ongoing monitoring, progress reporting and a range of studies. We do this to:

- Explore and report on the contribution of CFI investments to economic, social and environmental benefits for Canadians
- Support continuous improvement in the design and delivery of our programs.

### 7.1 Performance reporting requirements

All CFI-funded institutions are required to collect performance data and information and share it with the CFI. Reporting requirements vary by fund and are defined for each project in the award agreement.

The primary tool used to gather data from funded projects is a project progress report (PPR). We may also use customized reporting tools if doing so is more efficient or appropriate (e.g., for facilities funded through the Major Science Initiatives Fund, or for joint funding opportunities).

#### 7.1.1 Reporting using the project progress report

The PPR is a questionnaire that is filled out in CAMS. Typically, a PPR is required for all CFI-funded research infrastructure projects. Reporting using the PPR begins when the research infrastructure becomes operational.

Unless otherwise specified in an award agreement, projects funded with a total CFI contribution exceeding \$1 million must complete a PPR once a year for five years, while projects with a total CFI contribution of \$1 million or less complete a PPR once a year for four years.

#### Defining when an infrastructure project becomes operational

An infrastructure project becomes operational when **one** of the following conditions is met:

- The institution submits a final financial report for the project
- The project or team leader indicates in CAMS that the funded infrastructure is operational.

#### Indicating in CAMS if a project is operational

For projects with a CFI contribution of \$1 million or less, a question about operational status is displayed in CAMS in the second year following award finalization.

For projects with a CFI contribution exceeding \$1 million, the question about operational status is displayed in CAMS in the third year following award finalization.

We activate the question each year during the first week of April. The project or team leader must select “Operational” or “Not yet operational” by June 30.

#### What happens once a response to the question about the operational status is selected

If “Not yet operational” is selected, the operational status question will be asked again the following year unless a final financial report is submitted in the interim.

If “Operational” is selected on or before June 30, the first PPR will immediately become available in CAMS. This PPR must also be filled out by June 30.

For all projects already recognized as operational, and which have not completed their four or five years of reporting, the PPR questionnaire becomes available in CAMS the first week of April each year.

The PPR is normally completed by the individual identified as the project or team leader, or their delegate. The data and information provided in the PPR must pertain to the CFI’s past fiscal year (April 1 to March 31) only. It should not include results that fall outside the reporting range or that were reported in previous

years. For instance, if a new patent was reported in the year-two PPR, it should not be reported again in year three.

Typically, PPRs collect information about the following aspects of CFI-funded infrastructure:

- Any challenges encountered in implementing the infrastructure and its subsequent use and maintenance
- Quality and useful life
- Sources of funds for its operation and maintenance
- Level of use
- Information on users
- Research collaborations and partnerships
- Research outputs (e.g., publications, conference presentations)
- Knowledge assets (e.g., intellectual property, licensing agreements, spin-off companies)
- Impact on the training of highly qualified personnel
- Benefits for Canadians

Once completed in full by the project or team leader, recipient institutions must submit project progress reports for operational projects by June 30. Failure to complete the questionnaire by this deadline may result in the project results not being taken into consideration in our internal and external reporting. In addition, the CFI will withhold all institutional payments when an institution does not comply with performance reporting requirements for any of its awards.

### **7.1.2 Additional data collection**

In some instances, we may invite institutional representatives, researchers or our partners to participate in interviews, surveys or focus groups. These additional data collection initiatives:

- Further explore the achievement of the CFI's planned objectives and expected results
- Support organizational learning
- Inform operational and strategic decision-making
- Ensure accountability in the use of public funds.

## 8.0 Communications

To effectively communicate our activities and successes to a wide audience and to support the outreach efforts of the research community, we seek to collaborate with institutions to inform government decision-makers and the public of the research enabled by CFI-funded infrastructure, and the successes they have achieved.

### 8.1 Acknowledging CFI support

To better promote the impact of the research enabled by our funding contributions, we expect that institutions, communications staff and project leaders acknowledge CFI support in all public communications activities and products, including institutional and scholarly publications, presentations, facility and lab openings, media relations (press releases and articles) and social media.

The CFI should be tagged in appropriate social media posts on Twitter ([@InnovationCA](#)), Facebook ([@innovationincanada](#)) and LinkedIn. The CFI's corporate name (Canada Foundation for Innovation) and/or official logo are appropriate identifiers for acknowledging contributions. Our [logo](#) can be downloaded in a variety of colours and formats. Consult our brand guidelines for more information.

We also ask that institutions affix CFI-branded stickers to individual pieces of lab equipment. [Complete the order form](#) to receive your stickers.

For a summary of additional responsibilities institutions have for communicating about federally funded research, refer to the Government of Canada's [Public Communications Policy](#) of the federal research funding organizations.

Email our communications team at [cficommunicationfci@innovation.ca](mailto:cficommunicationfci@innovation.ca) to determine other ways to highlight our support.

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

We may call upon institutions to host our joint public funding announcements with the Government of Canada. Funding announcements provide institutions, their researchers and partners — along with government representatives, the media and the CFI — an opportunity to highlight the research conducted in their communities. We strive to give as much advance notice as possible of upcoming announcements to institutions receiving new funding, and we encourage those institutions to issue their own news releases and/or communications material concurrently with the CFI's national release.

### 8.3 CFI communications and social media

We encourage institutions to send us story ideas or multimedia materials that help communicate the value and impact of the research enabled by CFI funding. In turn, researchers and communications teams should be prepared to connect with CFI staff should we choose to highlight a research project or lab in our communications products. We seek necessary permissions and approvals for the content we create.

Our content is often available for institutions to repurpose in their own communications, including in their research magazines or newsletters or on their website. Email us at [cficommunicationfci@innovation.ca](mailto:cficommunicationfci@innovation.ca) if you would like to repurpose a story about research at your institution.

The CFI is committed to providing its communications and services to the public in both English and French. Occasionally, we curate content from institutions on our website. If this content is not available in both official languages, we will translate it.

The CFI is active on social media, and we encourage institutions, communications teams, researchers and their partners to follow and engage with us on these platforms. The CFI's communications team also welcomes opportunities to collaborate on social media campaigns.

## 8.4 The Research Facilities Navigator

The [Research Facilities Navigator](#) is a searchable, online directory of research facilities that are collaborating with industry, academia and government. We encourage eligible facilities that are interested in promoting their expertise and state-of-the-art equipment to potential research partners to submit a profile.

Visit [listyourlab.innovation.ca](http://listyourlab.innovation.ca) for more about the Navigator, eligibility and the benefits of listing your facility, or to start your onboarding process.

We also encourage institutions with Navigator profiles to promote their listings through social media, and tag the Navigator on Twitter ([@InnovationNAV](#)).